

OKLAHOMA

2001

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2001

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**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2001**

Frank Keating
Governor

Prepared by

Office of State Finance

Tom Daxon, Director
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The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of State Finance and is prepared by the Division of Central Accounting & Reporting.

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The Office of State Finance would appreciate credit for any reprint.

Requests for additional copies, comments or questions may be directed to Shawn Ashley, Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105.

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INTRODUCTORY SECTION

INTRODUCTORY SECTION



STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

December 29, 2001

To the Honorable Frank Keating, Governor
Members of the Legislature, and
Citizens of the State of Oklahoma

The Office of State Finance is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2001. This report, presented in three sections: Introductory, Financial, and Statistical, is the primary means of reporting the State government's financial activities. The CAFR has been prepared in conformance with Governmental Accounting Standards Board (GASB) statements 34 and 35. The State has elected early implementation of these new standards. The objective of the new reporting model is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements.

The Introductory Section contains an overview of the State's economic performance, a review of current initiatives, and summary financial data. The Financial Section contains Management's Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds and Similar Component Units, and for Major Component Units. The Financial Section also includes the Notes to the Financial Statements, Required Supplementary Information and Other Supplementary Information. The Statistical Section contains selected financial and demographic information.

PROFILE OF THE GOVERNMENT

Management of the State, through the Office of State Finance (OSF), is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with generally accepted accounting principles (GAAP). To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the State's financial position and activities. The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes twenty-three component units. There are eight major component units, nine nonmajor component units, and six fiduciary component units. The major and nonmajor component units are discretely presented in the financial statements. The fiduciary component units are presented on the fiduciary fund and similar component units financial statements along with the other fiduciary activities of the state. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

State finances are governed by rules designed to ensure sound, conservative management. The legislature cannot appropriate more than 95% of the general revenue expected to be collected in the coming year. An independent board not subject to legislative control establishes the revenue estimate. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General obligation indebtedness is prohibited without a vote of the people.

The State's financial statements have been audited by the Office of the State Auditor and Inspector. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2001, are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the

State of Oklahoma's financial statements for the fiscal year ended June 30, 2001, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency that expends money through the state treasury, except the legislature, submits an annual budget request to the OSF. Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the Governor by OSF. The Governor then makes formal recommendations in his "Executive Budget" which is presented to the legislature on the first day of the legislative session. During the legislative session, legislative committees review agency needs and appropriations made for state agency operations during the ensuing fiscal year. Prior to encumbering or spending money in the fiscal year, each agency submits a Budget Work Program to OSF. In this document the agency outlines, by object of expenditure, fund source, and program category, how they plan to spend the various resources available to them.

Oklahoma's Constitution restricts total appropriations to 95% of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues, based upon information provided by OSF and the Oklahoma Tax Commission. The Board is comprised of six elected officials: the Governor, the State Auditor and Inspector, the State Treasurer, the Lieutenant Governor, the Attorney General, and the Superintendent of Public Instruction, as well as the President of the State Board of Agriculture.

The Constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the "Rainy Day Fund" each year until the balance of the Rainy Day Fund equals 10% of the prior fiscal year's General Revenue Fund certified appropriations authority. Up to one-half of the July 1 balance each year may be appropriated upon an emergency declaration by the Governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the Speaker of the House and President-Pro Tempore of the Senate with concurrence of three-fourths of the members of each house.

The State also has an oversight process for the issuance of debt. The Executive and Legislative Bond Oversight Commissions jointly review and approve all debt issued by the State, its agencies and public trusts, and perform an assessment of all capital leases.

Proprietary Operations

The State's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods and/or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those directly benefiting from the goods or services. Some of the activities included in the State's proprietary operations are power generating plants, turnpikes, medical services, and insurance and financing services for both public and private entities.

Cash Management

State law requires full collateralization of all State Treasurer bank balances. Generally, the Treasurer promulgates rules that establish the amount of collateral that must be pledged against deposits. However, component units of the State reporting entity may have collateralization policies that differ from those of the State Treasurer. The State Treasurer is required to keep at least 80% of available cash invested.

Capital Assets

These financial statements include the capital assets of the State. A discussion of capital assets accounting is included in the Management Discussion and Analysis that is part of the basic financial statements. More detailed information about capital assets can be found in the notes to the financial statements.

Debt Administration

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the State are rated "Aa3" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to a 1993 general obligation bond program, except for refunding bonds, the State last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977. As of June 30, 2001, the outstanding general obligation net debt of the State of Oklahoma was \$290.5 million. This figure excludes the self-supporting taxable bonds of the Oklahoma Industrial Finance Authority, which are secured by the repayment of loans made to private businesses. State revenues have never been required to support debt service payments on these obligations.

Various agencies, trusts, and authorities issue revenue bonds on behalf of the State of Oklahoma, and these obligations are supported solely by the revenues of the issuing entities. More detailed information about long-term obligations can be found in the notes to the financial statements.

Risk Management and Insurance

In general, the State is "self-insured" for health care claims, workers' compensation, tort liability, vehicle liability, and property losses, with some exceptions for participation in health maintenance organizations, and for excess coverage items. The property loss excess coverage is limited to a maximum loss of \$1 billion. The Oklahoma State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund provides workers' compensation coverage for both public and private sector employees in Oklahoma.

ECONOMIC CONDITIONS AND OUTLOOK

Oklahoma is an attractive place in which to live and conduct business. The state enjoys a very low cost of doing business, has a highly skilled work force and is geographically well positioned for interstate commercial activity. For example, Oklahoma lies at the crossroads of U.S. Interstates 35, 40 and 44, three of the nation's most important transportation and shipping corridors, allowing state businesses to take advantage of opportunities anywhere in the United States. Our pioneering Career and Technology Education system is a national leader in developing training programs for industry. Oklahoma remains committed to improving the quality of its education system.

Oklahoma is also known for its abundant resources. The state remains a leading producer of oil and natural gas, allowing Oklahoma manufacturers to take advantage of some of the lowest energy prices in the nation. Oklahoma is a leading producer of agricultural products, ranking in the top ten in production of wheat, peanuts, grain sorghum, pecans, rye, hogs and cattle. Oklahomans also enjoy many opportunities for outdoor recreation and due to its many man-made reservoirs, Oklahoma has more miles of shoreline than any state.

Oklahoma's per capita income for 2000 was \$23,517, 43rd among the states, and 79.25% of the national average. This is up 2.46% from 1999, trailing average gains nationally of 3.97%. Adjusting for cost of living, Oklahoma is at 85.84% of the national average or 39th in the nation.

Oklahoma continues to enjoy a low unemployment rate. Estimates for 2001 reflect a favorable 3.8% rate in Oklahoma versus a 5.3% rate nationally. With a population of approximately 3.4 million people, Oklahoma is the 27th most populous state.

On December 19, 2001 a revenue shortfall was declared for fiscal year 2002. The Board of Equalization approves a revenue estimate each year, and the Legislature is allowed to appropriate up to 95% of that amount. A revenue shortfall occurs when the Director of Finance determines that revenues for the year are projected to fall below 95% of the Equalization Board's annual estimate. That is, when collections are projected to be insufficient to cover legislative appropriations. At the end of November, the most recent month from which complete collection data is available, fiscal year-to-date collections were \$88.4 million or 4.7% and expected to fall 6.2% below the estimate. The greatest weakness in General Revenue Fund collections has been in the gross production tax on natural gas, which has lagged behind the estimate throughout fiscal year 2002.

The State Board of Equalization has made a finding that will invoke a trigger mechanism increasing the maximum individual income tax rate to 7% and revoking expansion of a sales tax credit. During calendar year 2001, the maximum rate was 6.75% and was slated to become 6.65% on January 1, 2002. Under current law, if the Equalization Board, at its

December, 2002 meeting, estimates that General Revenue Fund collections for the year ending June 30, 2004 will exceed its revenue estimate for the year ending June 30, 2003, the maximum tax rate will fall to 6.65% and the expanded sales tax credit will be restated.

In spite of these challenges, the State's overall financial condition is healthy. The state's general obligation debt load remains modest and the State's "Rainy Day Fund" provides ample room to address unforeseen emergencies.

CURRENT DEVELOPMENTS AND MAJOR INITIATIVES

Despite our many achievements, we can do better and accomplish more. We enjoy many advantages that should enable Oklahomans to enjoy a higher standard of living. With particular emphasis on improving per capita personal income, our sights are set on implementing policies that will allow Oklahomans to realize their potential.

With the advantages provided by its labor force, location, and culture, our goal is to complement these advantages with a results-oriented, business-friendly government.

The Taft-Hartley Act of 1947 outlawed mandatory union membership (closed shops) and permitted states to pass what are commonly referred to as right-to-work laws. These laws exempt workers in union shops from paying fees associated with negotiating and maintaining a collective bargaining agreement. The 2001 Legislature referred the right-to-work issue to Oklahoma voters. The issue was approved by voters in September 2001.

To quote Governor Keating "Oklahoma is open for business". Along with the other initial reforms concerning workers compensation, the largest highway construction and improvement program in state history, refinement and improvement of the Quality Jobs program, education reforms, tort reform limiting excessive damages in civil lawsuits and welfare reforms, the State has positioned itself to be the nation's friendliest state to small and growing businesses.

In the coming year, the legislature will consider a major tax reform proposal. The major components of the plan include the elimination of the individual income tax, the state share of sales tax on groceries, and the franchise tax. In addition, the state would become a "pickup state" for estate tax purposes. These proposed cuts would be offset by a 5.9% tax on a broad range of services. Other proposals are also likely to be considered.

Legislators tackled a variety of issues during the 2001 legislative session, passing a number of key bills that were signed by the Governor. One of the most important measures of the session was the approval of a special election on the right to work issue. Legislators and the Governor also agreed to spend additional state dollars to gain more federal funds to improve health care for Oklahomans.

Legislation was passed that has paved the way for a state Portal. In June 2001, the state contracted with NIC (National Information Consortium) to build and manage a comprehensive eGovernment internet portal. On October 15, 2001, the official website for the state was officially launched. The website will give access to frequently requested information and beginning in 2002, various agencies will begin to offer services online. Interested persons may visit the state website *YourOklahoma* at **www.youroklahoma.com**.

Meanwhile, more than 70% of Oklahoma's public schools are now connected to the state's OneNet system. This state-of-the-art telecommunications network allows multi-dimensional instruction to occur throughout the state. This not only dramatically increases the instructional resources available to teachers, but allows schools, even those in rural areas, to offer a rich, varied curriculum. Through OneNet, a single teacher may interact with students at various distant locations. Each of these students may not only see and talk to the teacher, but see and talk with students at the other locations as well.

The impact of these fiscally conservative rules, however, has been to some extent offset by the practice of granting pension benefits and incurring other liabilities without providing the long range funding required to assure that the State will be able to pay those amounts when they become due.

The Teachers' Retirement System (TRS) has continued to accrue liabilities in excess of its asset growth. Due to the decline on the stock market during the fiscal year 2001 TRS investments decreased 2.3%. In the previous five years, investment returns increased an averaged of 17.1%. The unfunded liabilities of the system have grown and now exceed \$5.6 billion. The current fiscal year increase can be traced almost entirely to adoption of a 1% cost of living increase assumption. Without significant changes in TRS's benefit plan or significant changes in funding, the system will experience difficulties in meeting long-term obligations at some point in time.

In spite of these challenges, the State's overall financial condition is healthy. The state's general obligation debt load remains modest and the State's "Rainy Day Fund" provides ample room to address unforeseen emergencies.

Highlights of the fiscal 2001 and fiscal 2002 budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	2001	2002	2001	2002	2001	2002	2001	2002
Department of Education	\$ 1,971	\$ 2,035	37%	36%	\$ 185	\$ 64	10%	3%
Regents for Higher Education	816	860	15%	15%	44	44	6%	5%
Department of Career & Technical Education	125	132	2%	2%	8	7	7%	6%
Other education	23	42	0%	1%	3	19	15%	83%
Total Education	2,935	3,069	54%	54%	240	134	9%	5%
Department of Human Services	386	416	7%	7%	23	30	6%	8%
Health Care Authority	363	419	7%	8%	29	56	9%	15%
Office of Juvenile Affairs	100	107	2%	2%	1	7	1%	7%
University Hospitals Authority	32	45	1%	1%	5	13	19%	41%
Dept. of Rehabilitation Services	24	26	0%	0%	1	2	4%	8%
Total Human Services	905	1,013	17%	18%	59	108	7%	12%
Department of Corrections	364	388	7%	7%	17	24	5%	7%
Department of Transportation	311	299	6%	5%	(9)	(12)	(3%)	(4%)
Department of Mental Health	138	149	3%	3%	10	11	8%	8%
Department of Health	69	71	1%	1%	3	2	5%	3%
Department of Public Safety	70	75	1%	1%	2	5	3%	7%
Other	539	548	11%	11%	47	9	10%	2%
Total	\$ 5,331	\$ 5,612	100%	100%	\$ 369	\$ 281	7%	5%

Governor Keating's 2001 legislative agenda again reflected the nine long-range goals he originally expressed in his February 1999, state-of-the-state message. Those goals include:

- * Increasing Oklahoma's per capita personal income to that of the national average by 2025;
- * Reducing the size and cost of government;
- * Raising Oklahoma students' ACT scores to above the national average by 2005;
- * Encouraging one-third of all Oklahomans to earn a college degree by 2010;
- * Cutting the divorce rate by one-third by 2010;
- * Reducing out of wedlock births by one-third by 2010;
- * Cutting child abuse and neglect by one-half by 2010;
- * Reducing drug abuse by one-half by 2010;
- * Building and improving Oklahoma's infrastructure.

FINANCIAL INFORMATION

General Governmental Functions

Most financial operations of the State are reported in governmental fund types, which are the General Fund and Capital Projects Fund. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles for the fiscal year ended June 30, 2001, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support public institutions of higher education.

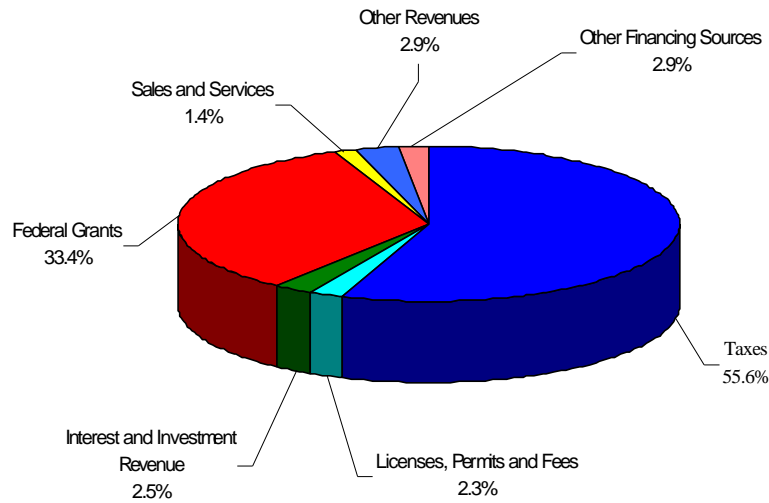
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	2001 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	\$ 5,427	55.6%	\$ (106)	(1.9%)
Licenses, permits and fees	220	2.3%	36	19.6%
Interest and investment revenue	245	2.5%	107	77.5%
Federal grants	3,266	33.4%	424	14.9%
Sales and services	135	1.4%	0	0.0%
Other revenues	285	2.9%	24	9.2%
Other financing sources:				
Operating transfers	11	0.1%	(54)	(83.1%)
Bond and note proceeds	158	1.6%	(34)	(17.7%)
Other	15	0.2%	3	25.0%
Total revenues and other financing sources	<u>\$ 9,762</u>	<u>100.00%</u>	<u>\$ 400</u>	

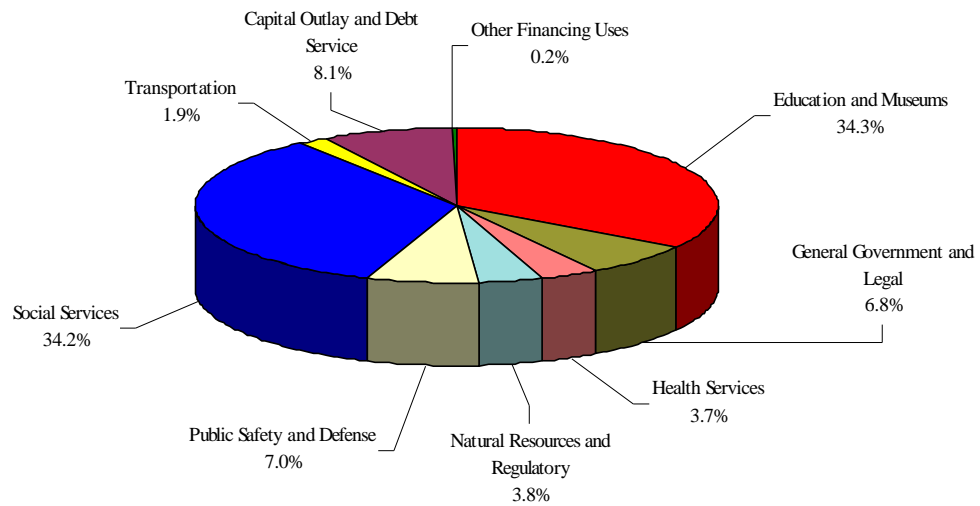
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	2001 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	\$ 3,283	34.2%	\$ 1,028	45.6%
General government	503	5.2%	(325)	(39.3%)
Health services	359	3.7%	16	4.7%
Legal and judiciary	158	1.6%	7	4.6%
Museums	9	0.1%	(4)	(30.8%)
Natural resources	188	2.0%	5	2.7%
Public safety and defense	676	7.0%	124	22.5%
Regulatory services	168	1.8%	10	6.3%
Social services	3,281	34.2%	462	16.4%
Transportation	181	1.9%	(22)	(10.8%)
Capital outlay	679	7.1%	12	1.8%
Debt service	98	1.0%	13	15.3%
Operating transfers	17	0.2%	(866)	(98.1%)
Total expenditures and other financing uses	<u>\$ 9,600</u>	<u>100.00%</u>	<u>\$ 460</u>	5.0%
Governmental Funds -				
Net increase in fund balance	<u>\$ 162</u>			

**Governmental Fund Revenues and
Other Financing Sources (GAAP Basis) - Fiscal Year 2001**



**Governmental Funds Expenditures and
Other Financing Uses (GAAP Basis) - Fiscal Year 2001**



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95% of the itemized revenue estimate as approved by the State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund (GRF), as defined by Oklahoma law, are approximately 74% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary GRF should not be confused with the General Fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the State Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which are not considered in the Board of Equalization's estimates of tax revenues.

Receipts from three of the four major taxes exceeded revenues of the prior year while motor vehicle tax decreased, producing a combined total of \$4.1 billion, or 87% of total GRF receipts. The total of major taxes collected was \$382.2 million, or 10.3% above that of the prior year, an indication of increased business activity.

As compared to fiscal 2000, collections from income taxes increased by \$123.3 million, or 6.2%; sales taxes increased by \$77.5 million, or 6.7%; motor vehicle taxes decreased by \$59.8 million, or 19.6%; and gross production taxes on gas increased by \$241.2 million, or 98.4%.

Despite the current revenue shortfall discussed above, Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in nine years and dipped below the estimate six years, with actual collections averaging 101.5% of the estimate over the period. The comparison of estimated revenues to actual collections for fiscal 2001 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal 2001
(expressed in millions)

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate				
Income tax	\$ 2,106.2	\$ 2,114.2	\$ 8.0	100.4%
Sales tax	1,235.6	1,240.6	5.0	100.4%
Motor vehicle tax	310.4	244.9	(65.5)	78.9%
Gross production tax	198.1	486.3	288.2	245.5%
Subtotal Major Taxes	3,850.3	4,086.0	235.7	106.1%
Other sources	605.7	607.4	1.7	100.3%
Total	<u>\$ 4,456.0</u>	<u>\$ 4,693.4</u>	<u>\$ 237.4</u>	105.3%

The fifteen-year comparative history of estimated to actual collections is shown in the following table.

Budgetary General Revenue Fund Comparisons (expressed in millions)				
Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
1987	\$ 2,166.7	\$ 2,070.0	\$ (96.7)	95.5%
1988	2,319.8	2,397.8	78.0	103.4%
1989	2,499.8	2,600.6	100.8	104.0%
1990	2,661.2	2,735.1	73.9	102.8%
1991	3,034.4	3,109.5	75.1	102.5%
1992	3,213.9	3,161.2	(52.7)	98.4%
1993	3,365.2	3,258.9	(106.3)	96.8%
1994	3,398.5	3,341.5	(57.0)	98.3%
1995	3,515.3	3,512.6	(2.7)	99.9%
1996	3,613.6	3,705.0	91.4	102.5%
1997	3,531.0	3,777.7	246.7	107.0%
1998	3,866.4	4,009.3	142.9	103.7%
1999	4,185.6	4,147.5	(38.1)	99.1%
2000	4,271.4	4,354.0	82.6	101.9%
2001	4,456.0	4,693.4	237.4	105.3%
Fifteen-Year Average	\$ 3,339.9	\$ 3,391.6	\$ 51.7	101.5%

The status of three important fund balances affecting the new years fiscal picture is explained below:

Cash-Flow Reserve Fund - At the close of fiscal 2001, the State set aside \$458.7 million to meet anticipated monthly cash-flow needs for the new fiscal year. The new total amounted to 10% of the General Revenue Fund's certified appropriation level, which was the same as the prior year.

The **General Revenue Fund's** fiscal 2001 cash carryover available to the next Legislature was \$47.3 million, compared with \$85.5 million in the prior year. The carryover funds reflect the difference between the 95% appropriation limit and actual receipts up to 100% of the estimate. Funds required to replenish or increase the cash-flow reserve fund also come from this source.

Constitutional Reserve "Rainy Day Fund" - At the start of each fiscal year, collections that exceed the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 10% of the prior year's certified appropriation authority for the General Revenue Fund. On July 1, 2001, this fund had a balance of \$340.7 million.

FOR THE FUTURE

The State continues to aggressively research and pursue solutions to improve the State's competitive economic performance and the quality of life for its citizens. Economic growth in rural Oklahoma has seriously lagged behind both state and national averages over the past 15 years.

In cooperation with the central purchasing division of the Department of Central Services, the Office of Personnel Management, and the Department of Commerce, OSF is in the final stages of negotiating a contract to replace the State's core financial application system. The new system will be a fully-integrated, web-based system available for use by all agencies. Implementation is expected to begin in early 2002, with the initial phase to become operational in July 2003. Once fully operational, there will be significant opportunities to eliminate agency-level systems. When the new system is interfaced with the State's portal, additional efficiencies may be realized.

The State is seeking to encourage new business development, and its Quality Jobs program, providing tax credits for creating new jobs in basic industries, has helped Oklahoma win the location of several new branch plants within its borders. However, more progress is needed. Many state leaders are optimistic that the state's new right-to-work law will bolster its appeal to businesses seeking to expand.

While the State strives to strengthen its financial position, Oklahoma remains committed to maintaining public safety and providing a "safety net" for the less fortunate. To be successful, such a program will require a fresh look at how the State provides services. Building upon the work of the Governor's Commission on Government Performance, the State will consider the sale of assets, privatization of functions and programs, elimination of unneeded or excessive services, and reforms in purchasing and personnel policies.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Oklahoma has received a Certificate of Achievement for the last four consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

In addition, the State also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated February 7, 2001. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGMENTS

The Office of State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State who made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,



Tom Daxon
Director of State Finance



Brenda Bolander
State Comptroller

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Timothy D. Howe
President

Jeffrey L. Esser
Executive Director

SELECTED OKLAHOMA STATE OFFICIALS

June 30, 2001

LEGISLATIVE BRANCH

Senate

Stratton Taylor
President Pro Tempore

House of Representatives

Larry E. Adair
Speaker of the House

EXECUTIVE BRANCH

Governor

Frank Keating

Lieutenant Governor

Mary Fallin

* Secretary of State

Mike Hunter

State Auditor and Inspector

Clifton Scott

Attorney General

Drew Edmondson

State Treasurer

Robert Butkin

Superintendent of Public Instruction

Sandy Garrett

Commissioner of Labor

Brenda Reneau

Commissioner of Insurance

Carroll Fisher

Commissioners of the Corporation Commission

Bob Anthony
Ed Apple
Denise Bode

JUDICIAL BRANCH

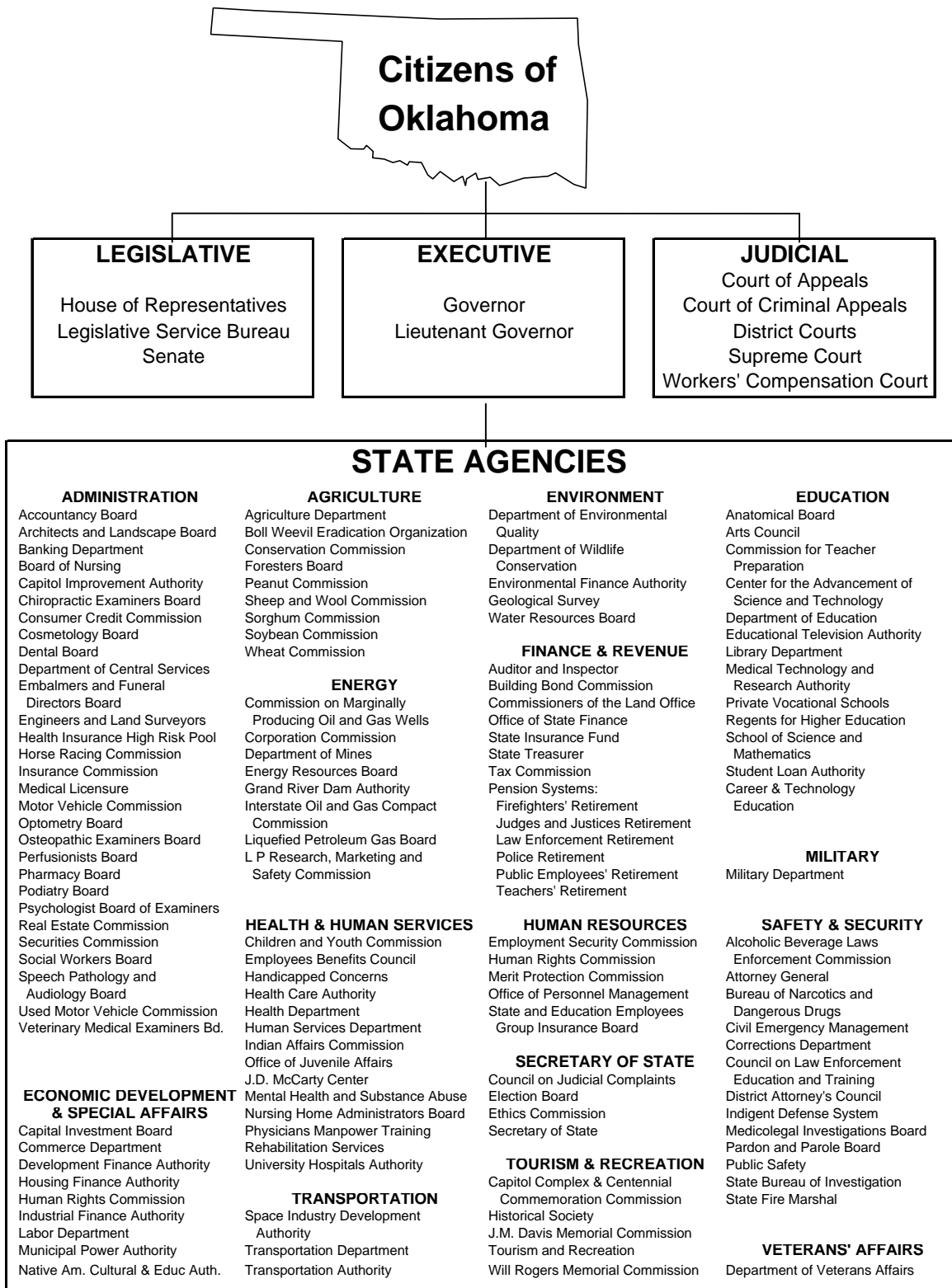
* State Supreme Court

Hardy Summers
Chief Justice

* Court of Criminal Appeals

Gary L. Lumpkin
Presiding Judge

* Appointed Position



FINANCIAL SECTION

FINANCIAL SECTION

INDEPENDENT AUDITORS REPORT



STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

CLYTON H. SCOTT
STATE AUDITOR AND INSPECTOR

2300 N. LINCOLN BLVD.
100 STATE CAPITOL
OKLAHOMA CITY, OK 73105-4896
405/521-3495

INDEPENDENT AUDITOR'S REPORT

**TO THE GOVERNOR AND MEMBERS
OF THE LEGISLATURE OF THE
STATE OF OKLAHOMA**

We have audited the accompanying basic financial statements of the State of Oklahoma as of and for the year ended June 30, 2001, as listed in the table of contents. These basic financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Department of Commerce, the Commissioners of the Land Office, the Department of Wildlife, and the Insurance Department which, in the aggregate, represent ten percent of the assets, one percent of the liabilities, one percent of the revenues, and two percent of the expenses of the Governmental Activities;
- the financial statements of the Water Resources Board which represents forty-eight percent of the assets and ninety-nine percent of the liabilities of the Business-type Activities;
- the financial statements of the discretely component units.

Fund Financial Statements

- the financial statements of the Department of Commerce, the Commissioners of the Land Office, the Department of Wildlife, and the Insurance Department which, in the aggregate, represent one percent of the assets, one percent of the liabilities, one percent of the revenues and two percent of the expenditures of the General Fund;
- the financial statements of the Commissioners of the Land Office Permanent Fund;
- the financial statements of the Department of Wildlife Lifetime Licenses Permanent Fund;
- the financial statements of the Water Resources Board Enterprise Fund;
- the financial statements of the Pension Trust Funds.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the State of Oklahoma as of June 30, 2001, and

the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the State of Oklahoma adopted the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* as of July 1, 2000. In addition, as described in Note 1 to the financial statements, the State of Oklahoma also adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2000.

As discussed in Note 14 to the financial statements, the Teachers' Retirement System faces possible difficulty in meeting its future obligations. The auditor for the Teachers' Retirement System reported, "the System's actuary has determined that the System's unfunded actuarial accrued liability is approximately \$5,632,100,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes and if any changes further reduce or delay the implementation of the funding schedule the funding period will increase." Note 2 to the System's financial statements discloses: "...it should be noted that unfunded liabilities are expected to increase until the year 2044....The System will experience difficulty in meeting long-term obligations at a point in time if not funded at a more appropriate level." The ultimate outcome of the ability of the System to meet its future obligations is dependent on funding established by Oklahoma Statutes, and cannot presently be determined.

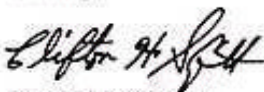
In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. This report is issued under separate cover in the State of Oklahoma's Single Audit Report.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule are not required parts of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements and the Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)-General Fund as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the State of Oklahoma. Such information, except for the Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)-General Fund, on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section listed in the aforementioned table of contents have not been audited by us, and accordingly, we do not express an opinion on them.

Sincerely,



CLIFTON H. SCOTT
State Auditor and Inspector

December 29, 2001

Management's Discussion and Analysis

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Oklahoma provides this *Management's Discussion and Analysis* of the State of Oklahoma's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Oklahoma is for the fiscal year ended June 30, 2001. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the State's financial statements which follow.

Because the State of Oklahoma is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the State's financial position and results of operations.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

Net Assets - The assets of the State exceeded its liabilities at fiscal year ending June 30, 2001 by \$10.3 billion (presented as "net assets"). Of this amount, \$2.4 billion was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the State's ongoing obligations to citizens and creditors.

Changes in Net Assets - The State's total net assets increased by \$164.4 million (a 1.6% increase) in fiscal year 2001. Net assets of governmental activities increased by \$175.7 million (a 1.9 % increase), while net assets of the business-type activities showed a decrease of \$11.3 million (a 1.4 % decrease).

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2001, the State's governmental funds reported a combined ending fund balance of \$3.5 billion, an increase of \$115.8 million in comparison with the prior year. Of this total amount, \$1.875 billion represents the "unreserved fund balances" with substantially all being in the general fund. Of this \$1.875 billion, \$459 million is in the Cash Flow Reserve Fund and \$341 million is in the Rainy Day Fund leaving \$1.1 billion as undesignated. This \$1.1 billion is roughly 11% of the total governmental fund expenditures for the year.

Long-term Debt:

The State's total long-term debt obligations increased by \$92.6 million (8.3%) during the current fiscal year. The key factor in this increase was the issuance of \$153.84 million of OCIA Series 2000 Highway revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the State of Oklahoma's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the State – the *Government-Wide Financial Statements* and the *Fund Financial Statements and Combining Major Component Unit Financial Statements*. These financial statements also include the *Notes to the Financial Statements* that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The *government-wide financial statements* provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net assets* presents all of the government's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the state's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements have separate sections for three different types of state programs or activities. These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this category, including education (support for both common public schools and higher education), general government, health services, legal and judiciary services, museums, natural resources, public safety and defense, regulatory services, social services, and transportation.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission) and the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board). Both of these programs operate with minimal assistance from the governmental activities of the state.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. The State's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units.

The State's eight discretely presented major component units are:

- State Insurance Fund (CompSource Oklahoma beginning next year)
- State and Education Employees Group Insurance Board
- Oklahoma Student Loan Authority
- Oklahoma Housing Finance Agency
- Oklahoma Transportation Authority
- Grand River Dam Authority
- Oklahoma Municipal Power
- Higher Education Component Unit

The State's nine other (or nonmajor) component units are combined into a single column for reporting in the fund financial statements. These nonmajor component units are:

- Oklahoma Educational Television Authority
- Oklahoma Industrial Finance Authority
- Health Insurance High Risk Pool
- Multiple Injury Trust Fund

University Hospitals Authority
Medical Technology and Research Authority
Oklahoma Development Finance Authority
Oklahoma Capital Investment Board
Oklahoma Environmental Finance Authority

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements. All of the funds of the State can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

Governmental Funds Financial Statements – Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State has five governmental funds, all are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The State's five governmental funds are – the General Fund, the Capital Projects Fund, the Commissioners of the Land Office Permanent Fund, the Department of Wildlife Conservation Permanent Fund, and the Tobacco Settlement Endowment Permanent Fund.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The State has two enterprise funds, with both being considered major proprietary funds for presentation purposes. As previously mentioned, they are the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission) and the State's program for making loans to local government units for the

acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board).

The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements.

Fiduciary Funds and Similar Component Units Financial Statements – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The State's fiduciary funds are the Pension Trust Funds (seven separate retirement plans for employees), the Investment Trust Fund (which accounts for the transactions, assets, liabilities and fund equity of the external investment pool), and the Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund detail can be found in the combining financial statements described below.

The basic fiduciary funds and similar component units' financial statements can be found immediately following the proprietary fund financial statements.

Component Units Financial Statements – As mentioned above, these are operations for which the State has financial accountability but they have certain independent qualities as well, and they operate similar to private-sector businesses. The government-wide financial statements present information for the component units in a single column of the statement of net assets. Also, some information on the statement of changes in net assets is aggregated for component units. The combining statements of net assets, combining statement of changes in net assets, and the combining condensed statement of cash flows provides detail for each major component unit and the nonmajor component units in aggregate. Individual nonmajor component unit detail can be found in the combining financial statements described below.

The basic combining financial statements for major component units can be found immediately following the fiduciary fund and similar component unit's financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the governmental fund financial statements.

Other Supplementary Information

Combining Financial Statements

The combining financial statements referred to earlier in connection with fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statement.

Budgetary Detail

The Schedule of Expenditures and Intra-Agency Transfers – Detail Budget to Actual Comparison is presented in this section. It provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (government and business-type activities) totaled \$10.259 billion at the end of 2001, compared to \$10.095 billion at the end of the previous year.

The largest portion of the State's net assets (59%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

State of Oklahoma's Net Assets-Primary Government

(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2001	2000 (as restated)	2001	2000 (as restated)	2001	2000 (as restated)
Current Assets	\$ 4,782,989	\$ 4,740,551	\$ 624,145	\$ 765,143	\$ 5,407,134	\$ 5,505,694
Capital Assets	6,906,118	6,740,777	116	194	6,906,234	6,740,971
Other Assets	217,057	202,307	427,726	301,177	644,783	503,484
Total Assets	<u>11,906,164</u>	<u>11,683,635</u>	<u>1,051,987</u>	<u>1,066,514</u>	<u>12,958,151</u>	<u>12,750,149</u>
Noncurrent Liabilities	974,350	868,516	240,161	253,418	1,214,511	1,121,934
Other Liabilities	1,452,795	1,511,766	31,818	21,819	1,484,613	1,533,585
Total Liabilities	<u>2,427,145</u>	<u>2,380,282</u>	<u>271,979</u>	<u>275,237</u>	<u>2,699,124</u>	<u>2,655,519</u>
Invested in Capital Assets, Net of Related Debt	6,005,182	5,946,703	116	194	6,005,298	5,946,897
Restricted	1,282,421	1,398,310	586,717	599,409	1,869,138	1,997,719
Unrestricted	<u>2,191,416</u>	<u>1,958,340</u>	<u>193,175</u>	<u>191,674</u>	<u>2,384,591</u>	<u>2,150,014</u>
Total Net Assets	<u>\$ 9,479,019</u>	<u>\$ 9,303,353</u>	<u>\$ 780,008</u>	<u>\$ 791,277</u>	<u>\$10,259,027</u>	<u>\$10,094,630</u>

An additional portion of the State's net assets (18.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net Assets

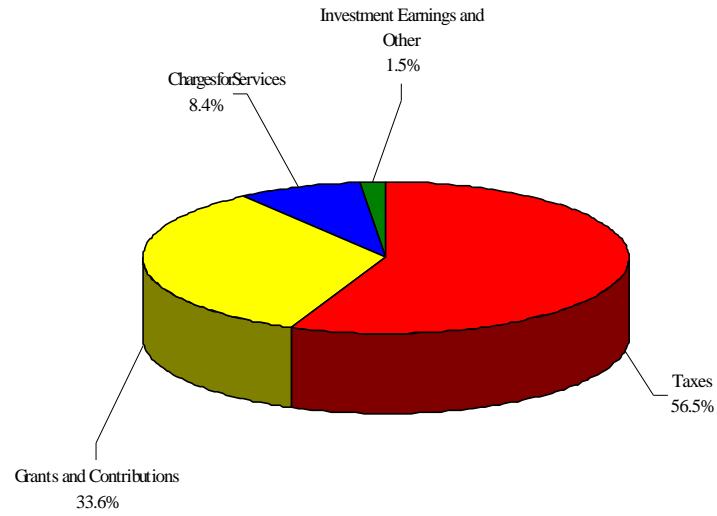
The State's net assets increased by \$164.4 million or 1.6%. Approximately 56 percent of the State's total revenue came from taxes, while 32 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 12 percent of the total revenues. The State's expenses cover a range of services. The largest expenses were for general (common public schools) and higher education, social services, and public safety. In 2001, governmental activity expenses exceeded program revenues, resulting in the use of \$5.397 billion in general revenues (mostly taxes). On the other hand, net expenses from business-type activities in 2001 exceeded revenues by only \$12.3 million.

State of Oklahoma's Changes in Net Assets-Primary Government

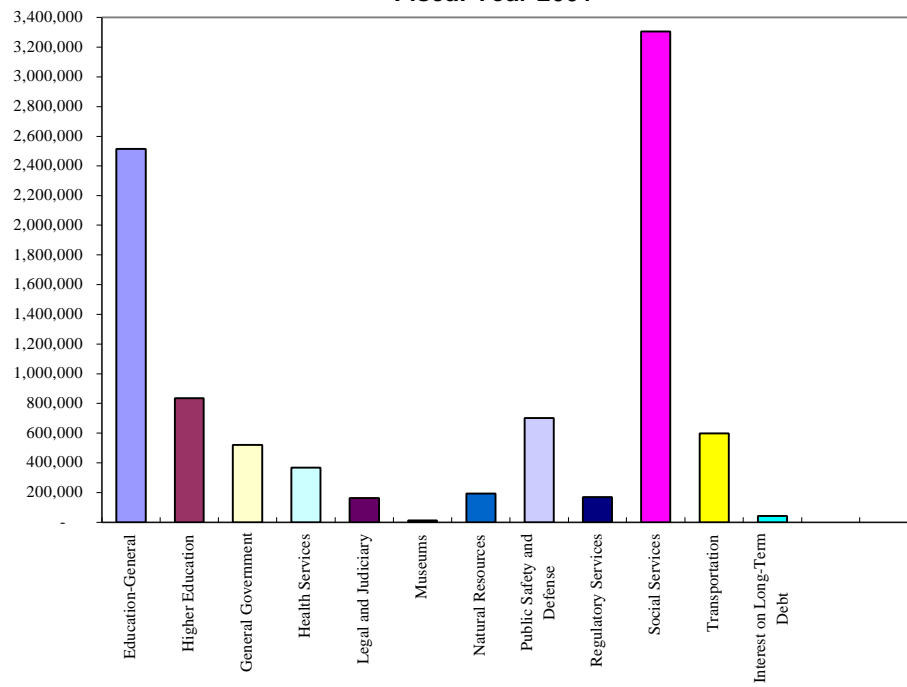
(expressed in thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 805,500	\$ 121,167	\$ 926,667
Operating Grants and Contributions	3,219,285	29,802	3,249,087
Capital Grants and Contributions	3,076	-	3,076
General Revenues:			
Income Taxes	2,383,253	-	2,383,253
Sales Taxes	1,475,338	-	1,475,338
Gross Production Tax	561,713	-	561,713
Other Taxes	1,006,555	-	1,006,555
Investment Earnings	137,744	-	137,744
Other	9,518	-	9,518
Total Revenues	<u>9,601,982</u>	<u>150,969</u>	<u>9,752,951</u>
Expenses:			
Education-General	2,514,961	-	2,514,961
Education-Payments to Higher Education	835,371	-	835,371
General Government	521,153	-	521,153
Health Services	367,569	-	367,569
Legal and Judiciary	163,037	-	163,037
Museums	11,755	-	11,755
Natural Resources	192,980	-	192,980
Public Safety and Defense	702,059	-	702,059
Regulatory Services	170,691	-	170,691
Social Services	3,303,724	-	3,303,724
Transportation	599,698	-	599,698
Interest on Long-Term Debt	42,275	-	42,275
Unemployment Insurance Trust Fund	-	147,051	147,051
State Loan Program to Local Governments	-	16,230	16,230
Total Expenses	<u>9,425,273</u>	<u>163,281</u>	<u>9,588,554</u>
Increase (Decrease) in Net Assets Before Transfers	176,709	(12,312)	164,397
Transfers	<u>(1,043)</u>	<u>1,043</u>	<u>-</u>
Change in Net Assets	175,666	(11,269)	164,397
Net Assets, Beginning of Year (as restated)	<u>9,303,353</u>	<u>791,277</u>	<u>10,094,630</u>
Net Assets, End of Year	<u>\$ 9,479,019</u>	<u>\$ 780,008</u>	<u>\$ 10,259,027</u>

**Revenues - Governmental Activities
Fiscal Year 2001**



**Expenses - Governmental Activities
Fiscal Year 2001**

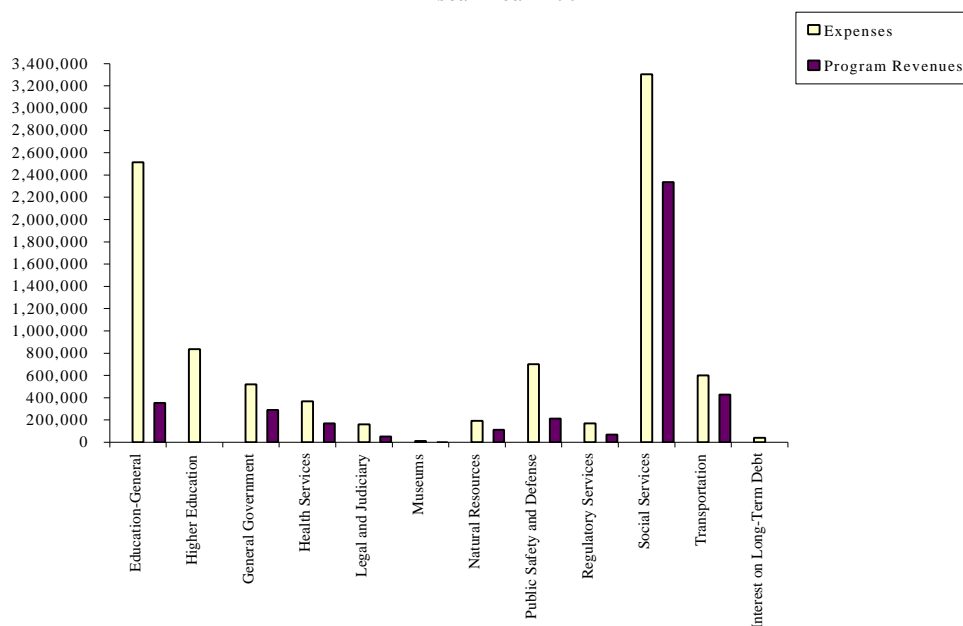


Governmental Activities

Governmental activities increased the State's net assets by \$175.7 million, thereby accounting for more than the State's total growth in net assets \$164.4 million. The decrease by the business-type activities is explained below. A comparison of the cost of services by function for the State's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (expressed in thousands).

	Governmental Activities
Expenses Net of Program Revenues:	
Education-General	\$ (2,161,001)
Education-Payment to Higher Education	(835,371)
General Government	(229,753)
Health Services	(198,649)
Legal and Judiciary	(111,526)
Museums	(10,693)
Natural Resources	(79,663)
Public Safety and Defense	(488,407)
Regulatory Services	(101,255)
Social Services	(967,658)
Transportation	(171,161)
Interest on Long-Term Debt	(42,275)
Total Governmental Activities Expenses	(5,397,412)
General Revenues:	
Taxes	5,426,859
Investment Earnings	137,744
Other	8,475
Increase in Governmental Activities Net Assets	<u>\$ 175,666</u>

Expenses and Program Revenues - Governmental Activities
Fiscal Year 2001



Business-Type Activities

The business-type activities decreased the State's net assets by \$11.3 million. This resulted from a \$40.1 million decrease in net assets by the Oklahoma Unemployment Insurance Trust Fund and an increase in net assets of \$28.8 million by the State's program for making loans to local government units.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$3.5 billion, an increase of \$115.8 million in comparison with the prior year. Just over one half (\$1.875 billion or 54%) of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior fiscal year (\$278 million), 2) to pay debt service (\$93 million), 3) to be held in permanent trust funds for education, wildlife and prevention of tobacco related health issues (\$1.184 billion) or 4) for a variety of other restricted purposes (\$59 million).

The general fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1.875 billion, while the total fund balance reached \$2.304 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20% of total general fund expenditures, while total fund balance represents 24% of that same amount.

The fund balance of the State's general fund increased by \$162 million during the current fiscal year. This is a 7.6% increase from the prior year.

The Commissioners of the Land Office Permanent Fund, which accounts for the land and cash granted to the State by the United States Congress for the use and benefit of educational systems in Oklahoma, suffered a noticeable decrease in fund balance. Because of market conditions, this fund reported a \$45.8 million loss in net investment revenues, as opposed to normally reporting positive net investment revenues. This resulted in a decrease in the fund balance of just over \$100 million for the year. This is a decrease of about 8.5% from the previous year.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

As discussed in the business-type activities above, the State's net assets decreased by \$11.3 million as a result of operations in the proprietary funds. This resulted from a \$40.1 million decrease (6.9% from prior year) in net assets by the Oklahoma Unemployment Insurance Trust Fund and increase of net assets of \$28.8 million (13.8%) by the State's program for making loans to local government units for drinking and waste water facilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget were relatively minor (\$78.083 million increase in appropriations) and can be briefly summarized as follows:

1. Department of Corrections received \$25.516 million in supplemental appropriations for increased expenses.
2. Oklahoma Health Care Authority received \$20.928 million in supplemental appropriations for increased expenses.
3. Department of Education received \$10.42 million in supplemental appropriations for the school district utility assistance program.

4. Department of Human Services received \$4.809 million in supplemental appropriations for the LIHEAP program.
5. Fifteen additional agencies received supplemental appropriations totaling \$16.41 million for increased expenses.

The supplemental appropriations were funded from available fund balance. During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2001, amounts to \$11.3 billion, net of accumulated depreciation of \$4.4 billion, leaving a net book value of \$6.9 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was about 2.5% in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$872 million for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$291 million. Additional information on the State's capital assets can be found in Note 5 of the notes to the financial statements of this report.

Debt Administration

The authority of the State to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the State created the Executive Bond Oversight Commission and the Legislative Bond Oversight Commission. The commissions meet jointly to review all proposed debt issuances. Both commissions must approve each financing plan before obligations are issued. The legislation that created the bond oversight commissions also created the position of State Bond Advisor, who advises the commissions, and must approve the pricing and fees associated with any debt issuance.

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

The State of Oklahoma's total debt increased by \$43.6 million during the current fiscal year; however, long-term debt increased by \$92.6 million, an 8.3% increase. No general obligation bonds were issued during the fiscal year. The key factor in this increase was the issuance of \$153.84 million of OCIA Series 2000 Highway Revenue Bonds.

Additional information on the State's long-term debt obligations can be found in Notes 9, 10, and 11 of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the State of Oklahoma is currently 3.8%, which is a decrease from a rate of 4.2% a year ago. This compares favorably to the nation's average unemployment rate of 5.3%.

Inflationary trends in the region compare favorably to national indices as well.

These factors are considered by legislative leaders and management in preparing the State's budget for future years.

During the current fiscal year, unreserved fund balance in the general fund increased to \$1.875 billion, with \$459 million of this in the Cash Flow Reserve Fund and \$341 million in the State's Rainy Day Fund leaving \$1.1 billion as undesignated. This \$1.1 billion is roughly 11% of the total governmental fund expenditures for the year.

On December 19, 2001 a revenue shortfall was declared for fiscal year 2002. The Board of Equalization approves a revenue estimate each year, and the Legislature is allowed to appropriate up to 95% of that amount. A revenue shortfall occurs with the Director of Finance determines that revenues for the year are projected to fall below 95% of the

Equalization Board's annual estimate. That is, when collections are projected to be insufficient to cover legislative appropriations. At the end of November, the most recent month from which complete collection data is available, fiscal year-to-date collections were \$88.4 million or 4.7% and projected to fall 6.2% below the estimate. The greatest weakness in General Revenue Fund collections has been in the gross production tax on natural gas, which has lagged behind the estimate throughout fiscal year 2002.

The State Board of Equalization has made a finding that will invoke a trigger mechanism increasing the maximum individual income tax rate to 7% (up from 6.75%) and revoking expansion of a sales tax credit.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Oklahoma's finances for all of Oklahoma's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Oklahoma, Office of State Finance, 2300 N. Lincoln, Suite 122, Oklahoma City, OK 73105-4801.

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Basic Financial Statements

Basic Financial Statements

Government-Wide Financial Statements

Government-Wide Financial Statements

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Statement of Net Assets

June 30, 2001

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets				
Cash/Cash Equivalents	\$ 2,224,159	\$ 591,757	\$ 2,815,916	\$ 442,722
Investments	1,279,586	4,344	1,283,930	1,203,619
Securities Lending Investments	535,189	0	535,189	116,692
Accounts Receivable	34,320	4,469	38,789	183,749
Interest and Investment Revenue Receivable	19,466	5,155	24,621	17,840
Federal Grants Receivable	361,771	536	362,307	1,374
Taxes Receivable	230,673	0	230,673	0
Leases Receivable	5,680	0	5,680	0
Leases Receivable - Component Units	2,675	0	2,675	0
Other Receivables	14,561	171	14,732	29,025
Notes Receivable	0	17,713	17,713	17,550
Due from Fiduciary Funds	115	0	115	10,335
Due from Component Units	4,213	0	4,213	989
Due from Primary Government	0	0	0	44,174
Inventory	44,057	0	44,057	47,583
Prepaid Items	16,576	0	16,576	3,470
Other Current Assets	9,948	0	9,948	8,095
Total Current Assets	4,782,989	624,145	5,407,134	2,127,217
Noncurrent Assets				
Cash/Cash Equivalents - Restricted	0	52,366	52,366	181,310
Short-Term Investments - Restricted	0	0	0	504
Long-Term Investments	0	16,777	16,777	185,807
Long-Term Investments - Restricted	0	14,555	14,555	776,059
Leases Receivable	28,915	0	28,915	1,287
Leases Receivable - Component Units	40,884	0	40,884	0
Long-Term Notes Receivable, Net	0	342,934	342,934	726,590
Long-Term Notes Receivable, Net - Restricted	0	0	0	378,804
Long-Term Due from Component Units	48,792	0	48,792	0
Capital Assets - Depreciable, Net	4,537,639	116	4,537,755	2,378,974
Capital Assets - Land	727,244	0	727,244	211,073
Capital Assets - Construction in Progress	1,641,235	0	1,641,235	614,219
Net Pension Asset	95,437	0	95,437	0
Other Noncurrent Assets	3,029	0	3,029	332,833
Other Noncurrent Assets - Restricted	0	1,094	1,094	27,428
Total Noncurrent Assets	7,123,175	427,842	7,551,017	5,814,888
Total Assets	11,906,164	1,051,987	12,958,151	7,942,105

The Notes to the Financial Statements are an integral part of this statement.

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	521,861	1,980	523,841	133,769
Payable Under Securities Lending Agreements	535,189	0	535,189	116,692
Claims and Judgments	33,903	0	33,903	202,679
Interest Payable	28,158	3,444	31,602	83,423
Tax Refunds Payable	312	0	312	0
Due to Fiduciary Funds	2,570	0	2,570	0
Due to Component Units	44,384	0	44,384	989
Due to Primary Government	0	0	0	4,213
Due to Others	92,535	0	92,535	0
Deferred Revenue	61,552	1,359	62,911	97,412
Pension Obligation	1,686	0	1,686	0
Capital Leases	2,130	0	2,130	5,147
Capital Leases - Primary Government	0	0	0	2,675
Compensated Absences	66,053	80	66,133	46,237
Notes Payable	272	3,035	3,307	1,446
General Obligation Bonds	10,030	0	10,030	6,126
Revenue Bonds	49,825	21,920	71,745	125,952
Certificates of Participation	774	0	774	0
Other Current Liabilities	1,561	0	1,561	128,859
Total Current Liabilities	1,452,795	31,818	1,484,613	955,619
Noncurrent Liabilities				
Claims and Judgments	0	0	0	546,185
Due to Primary Government	0	0	0	47,961
Capital Leases	4,690	0	4,690	18,713
Capital Leases - Primary Government	0	0	0	40,884
Compensated Absences	54,890	0	54,890	17,439
Notes Payable	35,674	5,785	41,459	161,596
General Obligation Bonds	280,470	0	280,470	74,982
Revenue Bonds	594,314	231,359	825,673	3,499,092
Certificates of Participation	2,262	0	2,262	0
Other Noncurrent Liabilities	2,050	3,017	5,067	66,683
Total Noncurrent Liabilities	974,350	240,161	1,214,511	4,473,535
Total Liabilities	2,427,145	271,979	2,699,124	5,429,154
Net Assets				
Invested in Capital Assets, Net of Related Debt	6,005,182	116	6,005,298	1,028,950
Restricted for:				
Capital Projects	5,277	0	5,277	0
Debt Service	92,541	43,633	136,174	191,604
Preservation of Wildlife	47,115	0	47,115	0
Educational Systems	1,086,836	0	1,086,836	0
Unemployment Benefits	0	543,084	543,084	0
Other Purposes	50,652	0	50,652	472,416
Unrestricted	2,191,416	193,175	2,384,591	819,981
Total Net Assets	\$ 9,479,019	\$ 780,008	\$ 10,259,027	\$ 2,512,951

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2001

(expressed in thousands)

					Net (Expense) Revenue and			
					Changes in Net Assets			
					Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
Primary Government:								
Governmental Activities:								
Education-General	\$ 2,514,961	\$ (20,604)	\$ 374,564	\$ 0	\$ (2,161,001)		\$ (2,161,001)	
Education-Payment to Higher Education	835,371	0	0	0	(835,371)		(835,371)	
General Government	521,153	250,694	40,706	0	(229,753)		(229,753)	
Health Services	367,569	57,119	111,801	0	(198,649)		(198,649)	
Legal and Judiciary	163,037	28,299	23,212	0	(111,526)		(111,526)	
Museums	11,755	436	626	0	(10,693)		(10,693)	
Natural Resources	192,980	77,187	36,130	0	(79,663)		(79,663)	
Public Safety and Defense	702,059	69,305	144,347	0	(488,407)		(488,407)	
Regulatory Services	170,691	63,794	5,642	0	(101,255)		(101,255)	
Social Services	3,303,724	116,904	2,216,086	3,076	(967,658)		(967,658)	
Transportation	599,698	162,366	266,171	0	(171,161)		(171,161)	
Interest on Long-Term Debt	42,275	0	0	0	(42,275)		(42,275)	
Total Governmental Activities	9,425,273	805,500	3,219,285	3,076	(5,397,412)		(5,397,412)	
Business-Type Activities:								
Employment Security Commission	147,051	99,880	7,084	0		\$ (40,087)	(40,087)	
Water Resources Board	16,230	21,287	22,718	0		27,775	27,775	
Total Business-Type Activities	163,281	121,167	29,802	0		(12,312)	(12,312)	
Total Primary Government	\$ 9,588,554	\$ 926,667	\$ 3,249,087	\$ 3,076	(5,397,412)	(12,312)	(5,409,724)	
Component Units:								
State Insurance Fund	\$ 138,134	\$ 140,379	\$ 0					\$ 2,245
State and Education Employees								
Group Insurance Board	403,256	399,427	0					(3,829)
Oklahoma Student Loan Authority	25,026	31,505	0					6,479
Oklahoma Housing Finance Agency	62,738	12,367	55,607					5,236
Oklahoma Transportation Authority	130,398	170,135	0					39,737
Grand River Dam Authority	213,791	216,046	0					2,255
Oklahoma Municipal Power Authority	118,364	121,023	0					2,659
Higher Education	2,261,832	1,487,205	25,398					(749,229)
Nonmajor Component Units	169,398	85,129	23					(84,246)
Total Component Units	\$ 3,522,937	\$ 2,663,216	\$ 81,028					(778,693)
General Revenues								
Taxes:								
Income Taxes-Individual					2,213,910	0	2,213,910	0
Income Taxes-Corporate					169,343	0	169,343	0
Sales Tax					1,475,338	0	1,475,338	0
Gross Production Taxes					561,713	0	561,713	0
Motor Vehicle Taxes					270,724	0	270,724	0
Fuel Taxes					263,128	0	263,128	0
Insurance Taxes					152,746	0	152,746	0
Beverage Taxes					128,591	0	128,591	0
Other Taxes					191,366	0	191,366	0
Payments from Primary Governments					0	0	0	887,887
Investment Earnings					137,744	0	137,744	0
Gain on Sale of Assets					9,518	0	9,518	0
Transfers					(1,043)	1,043	0	0
Total General Revenues and Transfers					5,573,078	1,043	5,574,121	887,887
Change in Net Assets					175,666	(11,269)	164,397	109,194
Net Assets - Beginning of Year (as restated)					9,303,353	791,277	10,094,630	2,403,757
Net Assets - End of Year					\$ 9,479,019	\$ 780,008	\$ 10,259,027	\$ 2,512,951

The Notes to the Financial Statements are an integral part of this statement.

Fund Financial Statements

Fund Financial Statements

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Balance Sheet

Governmental Funds

June 30, 2001

(expressed in thousands)

			Permanent Funds			Total Governmental Funds
	Capital Projects	Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment		
Assets	General					
Assets						
Cash/Cash Equivalents	\$ 2,147,787	\$ 5,997	\$ 61,478	\$ 8,897	\$ 0	\$ 2,224,159
Investments	181,948	0	1,009,016	38,137	50,485	1,279,586
Securities Lending Investments	535,189	0	0	0	0	535,189
Accounts Receivable	34,320	0	0	0	0	34,320
Interest and Investment Revenue Receivable	19,287	12	0	0	167	19,466
Federal Grants Receivable	361,771	0	0	0	0	361,771
Taxes Receivable	230,673	0	0	0	0	230,673
Leases Receivable	34,595	0	0	0	0	34,595
Leases Receivable-Component Units	43,559	0	0	0	0	43,559
Other Receivables	88	0	14,473	0	0	14,561
Due from Other Funds	0	0	0	74	0	74
Due from Fiduciary Funds	115	0	0	0	0	115
Due from Component Units	4,213	0	0	0	0	4,213
Due from Component Units-Noncurrent	48,792	0	0	0	0	48,792
Inventory	44,057	0	0	0	0	44,057
Prepaid Items	16,576	0	0	0	0	16,576
Other Assets	3,818	0	6,123	7	0	9,948
Total Assets	\$ 3,706,788	\$ 6,009	\$ 1,091,090	\$ 47,115	\$ 50,652	\$ 4,901,654
Liabilities and Fund Balance						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 521,140	\$ 721	\$ 0	\$ 0	\$ 0	\$ 521,861
Payable Under Securities Lending Agreements	535,189	0	0	0	0	535,189
Claims and Judgments	33,903	0	0	0	0	33,903
Interest Payable	10,214	0	0	0	0	10,214
Tax Refunds Payable	312	0	0	0	0	312
Due to Other Funds	74	0	0	0	0	74
Due to Fiduciary Funds	2,570	0	0	0	0	2,570
Due to Component Units	44,384	0	0	0	0	44,384
Due to Others	92,535	0	0	0	0	92,535
Deferred Revenue	161,162	0	4,254	0	0	165,416
Other Liabilities	1,550	11	0	0	0	1,561
Total Liabilities	1,403,033	732	4,254	0	0	1,408,019
Fund Balances						
Reserved						
Encumbrances	277,315	291	0	0	0	277,606
Inventory/Prepaid Items	58,308	0	0	0	0	58,308
Debt Service	92,541	0	0	0	0	92,541
Preservation of Wildlife	0	0	0	41,112	0	41,112
Permanent Trust	0	0	1,041,462	0	50,000	1,091,462
Undistributed Revenue	0	0	45,374	6,003	652	52,029
Other Special Purposes	850	0	0	0	0	850
Unreserved, reported in						
General Fund						
Designated for Cash Flow Reserve Fund	458,726	0	0	0	0	458,726
Designated for Rainy Day Fund	340,686	0	0	0	0	340,686
Undesignated	1,075,329	4,986	0	0	0	1,080,315
Total Fund Balances	2,303,755	5,277	1,086,836	47,115	50,652	3,493,635
Total Liabilities and Fund Balances	\$ 3,706,788	\$ 6,009	\$ 1,091,090	\$ 47,115	\$ 50,652	

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total Fund Balance - Governmental Funds \$ 3,493,635

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of :

Land	\$ 727,244	
Buildings and Improvements	653,384	
Equipment	236,800	
Infrastructure	7,998,180	
Construction in Progress	1,641,235	
Accumulated Depreciation	(4,350,725)	
		6,906,118

Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

103,864

The Uniform Retirement System for Judges and Justices and the Oklahoma Law Enforcement Retirement System have been funded in excess of Annual Required Contributions, creating a negative net pension obligation. This asset is not a current available financial resource and is not reported in the funds.

95,437

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.

3,029

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Notes Payable	(35,946)	
General Obligation and Revenue Bonds	(934,639)	
Capital Leases and Certificates of Participation	(9,856)	
Net Pension Obligation (Wildlife)	(1,686)	
Bond Issue Premium	(2,050)	
Accrued Interest on Bonds	(17,944)	
Compensated Absences	(120,943)	
		(1,123,064)

Net Assets of Governmental Activities

\$ 9,479,019

The Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures and and Changes in Fund Balances Governmental Funds

June 30, 2001

(expressed in thousands)

	General	Capital Projects	Commissioners of the Land Office	Permanent Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	Total Governmental Funds
Revenues						
Taxes						
Income Taxes-Individual	\$ 2,213,891	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,213,891
Income Taxes-Corporate	169,343	0	0	0	0	169,343
Sales Tax	1,475,338	0	0	0	0	1,475,338
Gross Production Taxes	561,713	0	0	0	0	561,713
Motor Vehicle Taxes	270,724	0	0	0	0	270,724
Fuel Taxes	263,128	0	0	0	0	263,128
Insurance Taxes	152,746	0	0	0	0	152,746
Beverage Taxes	128,591	0	0	0	0	128,591
Other Taxes	191,385	0	0	0	0	191,385
Licenses, Permits and Fees	220,235	0	0	0	0	220,235
Interest and Investment Revenue	245,081	249	(45,807)	2,115	652	202,290
Federal Grants	3,262,596	3,076	0	0	0	3,265,672
Sales and Services	135,085	0	12,498	2,285	0	149,868
Other	285,087	20	766	0	38,408	324,281
Total Revenues	9,574,943	3,345	(32,543)	4,400	39,060	9,589,205
Expenditures						
Current						
Education	3,283,124	0	62,810	0	0	3,345,934
General Government	503,015	0	0	0	0	503,015
Health Services	359,078	0	0	0	0	359,078
Legal and Judiciary	158,085	0	0	0	0	158,085
Museums	9,409	0	0	0	0	9,409
Natural Resources	187,661	0	0	0	0	187,661
Public Safety and Defense	675,513	0	0	0	0	675,513
Regulatory Services	168,128	0	0	0	0	168,128
Social Services	3,280,669	0	0	0	0	3,280,669
Transportation	180,821	0	0	0	0	180,821
Capital Outlay	675,679	3,263	0	0	0	678,942
Debt Service						
Principal Retirement	55,675	0	0	0	0	55,675
Interest and Fiscal Charges	42,275	0	0	0	0	42,275
Total Expenditures	9,579,132	3,263	62,810	0	0	9,645,205
Revenues in Excess of (Less Than) Expenditures	(4,189)	82	(95,353)	4,400	39,060	(56,000)
Other Financing Sources (Uses)						
Transfers In	10,463	28	0	0	14,771	25,262
Transfers Out	(16,996)	(28)	(4,995)	(1,108)	(3,179)	(26,306)
Bond Proceeds	157,340	0	0	0	0	157,340
Bond Issue Premium	2,203	0	0	0	0	2,203
Capital Leases and Certificates of Participation	2,343	0	0	0	0	2,343
Sale of General Fixed Assets	10,930	0	0	0	0	10,930
Total Other Financing Sources (Uses)	166,283	0	(4,995)	(1,108)	11,592	171,772
Net Change in Fund Balances	162,094	82	(100,348)	3,292	50,652	115,772
Fund Balances - Beginning of Year (as restated)	2,141,661	5,195	1,187,184	43,823	0	3,377,863
Fund Balances - End of Year	\$ 2,303,755	\$ 5,277	\$ 1,086,836	\$ 47,115	\$ 50,652	\$ 3,493,635

The Notes to the Financial Statements are an integral part of this statement.

Net Change in Fund Balances - Total Governmental Funds	\$	115,772
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$458,944) exceeded depreciation (\$290,871) in the current period.	168,073
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In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(2,678)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,525
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$157,340) exceeded repayments (\$55,675).	(101,665)
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Bonds issued at a premium provide current financial resource to governmental funds, but increase the long term liabilities in the statement of net assets. Bond issuance costs are expenditures to governmental funds, but are deferred assets in the statement of net assets. This is the amount by which premiums (\$2,203) exceeded (\$1,107) issuance costs.	(1,096)
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Contribution to certain pension plans use current financial resources from governmental funds, but decrease the net pension obligation (\$132) or increase the net pension asset (\$9,478) in the statement of activities.	9,610
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Some of the assets acquired this year were financed as capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net assets.	(2,343)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the increase in compensated absences (\$7,928) and interest payable (\$6,528) combined with the amortization of bond issuance costs (\$229) exceeded accretion of bond premiums (\$153).	(14,532)
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Change in Net Assets of Governmental Activities	\$	175,666
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The Notes to the Financial Statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

June 30, 2001

(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Employment Security Commission	Water Resources Board	Total
Assets			
Current Assets			
Cash/Cash Equivalents	\$ 539,850	\$ 51,907	\$ 591,757
Investments	0	4,344	4,344
Accounts Receivable	4,469	0	4,469
Interest and Investment Revenue Receivable	0	5,155	5,155
Federal Grants Receivable	0	536	536
Other Receivables	171	0	171
Notes Receivable	0	17,713	17,713
Total Current Assets	544,490	79,655	624,145
Noncurrent Assets			
Cash/Cash Equivalents - Restricted	0	52,366	52,366
Long-Term Investments	0	16,777	16,777
Long-Term Investments - Restricted	0	14,555	14,555
Long-Term Notes Receivable	0	342,934	342,934
Capital Assets, Net	0	116	116
Other Noncurrent Assets	0	1,094	1,094
Total Noncurrent Assets	0	427,842	427,842
Total Assets	544,490	507,497	1,051,987
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Liabilities	47	1,933	1,980
Interest Payable	0	3,444	3,444
Deferred Revenue	1,359	0	1,359
Compensated Absences	0	80	80
Notes Payable	0	3,035	3,035
Revenue Bonds	0	21,920	21,920
Total Current Liabilities	1,406	30,412	31,818
Noncurrent Liabilities			
Notes Payable	0	5,785	5,785
Revenue Bonds	0	231,359	231,359
Other Noncurrent Liabilities	0	3,017	3,017
Total Noncurrent Liabilities	0	240,161	240,161
Total Liabilities	1,406	270,573	271,979
Net Assets			
Invested in Capital Assets, net of related debt	0	116	116
Restricted for:			
Debt Service	0	43,633	43,633
Unemployment Benefits	543,084	0	543,084
Unrestricted	0	193,175	193,175
Total Net Assets	\$ 543,084	\$ 236,924	\$ 780,008

The Notes to the Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses and and Changes in Net Assets Proprietary Funds

June 30, 2001

(expressed in thousands)

	Business-Type Activities - Enterprise Funds		
	Employment Security Commission	Water Resources Board	Total
Operating Revenues			
Sales and Services	\$ 61,079	\$ 0	\$ 61,079
Interest and Investment	0	13,624	13,624
Federal Grants	7,084	9,380	16,464
Other	1,814	0	1,814
Total Operating Revenues	69,977	23,004	92,981
Operating Expenses			
Administrative and General	0	3,614	3,614
Interest	0	11,526	11,526
Depreciation	0	78	78
Benefit Payments and Refunds	147,051	0	147,051
Total Operating Expenses	147,051	15,218	162,269
Operating Income (Loss)	(77,074)	7,786	(69,288)
Nonoperating Revenues (Expenses)			
Interest and Investment Revenue	36,987	3,919	40,906
Nonoperating Federal Grants	0	13,338	13,338
Other Nonoperating Revenues	0	3,744	3,744
Interest Expense	0	(35)	(35)
Other Nonoperating Expenses	0	(977)	(977)
Total Nonoperating Revenues (Expenses)	36,987	19,989	56,976
Income (Loss) Before Transfers	(40,087)	27,775	(12,312)
Transfers In	0	2,196	2,196
Transfers Out	0	(1,153)	(1,153)
Change in Net Assets	(40,087)	28,818	(11,269)
Total Net Assets - Beginning (as restated)	583,171	208,106	791,277
Total Net Assets - Ending	\$ 543,084	\$ 236,924	\$ 780,008

The Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

June 30, 2001

(expressed in thousands)

Business-Type Activities - Enterprise Funds			
	Employment Security Commission	Water Resources Board	Total
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 62,071	\$ 0	\$ 62,071
Receipts from Federal Grants	7,070	9,272	16,342
Receipts of Principal on Notes Receivable	0	51,370	51,370
Receipts of Interest on Notes Receivable	0	13,677	13,677
Payments to Issue Notes Receivable	0	(68,420)	(68,420)
Payments of Benefits	(147,043)	0	(147,043)
Payments to Suppliers	0	(2,602)	(2,602)
Payments to Employees	0	(1,128)	(1,128)
Payments of Operating Interest Expense	0	(11,948)	(11,948)
Net Cash Used by Operating Activities	(77,902)	(9,779)	(87,681)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bonds and Notes Payable	0	8,812	8,812
Federal Grants and Other Contributions	0	13,723	13,723
Transfers In	0	2,196	2,196
Transfers Out	0	(1,153)	(1,153)
Principal Paid on Bonds and Notes Payable	0	(10,605)	(10,605)
Payments for Arbitrage Rebate	0	(837)	(837)
Payments for Note Issuance Costs	0	(88)	(88)
Payments for Defeasement of Notes	0	(1,218)	(1,218)
Net Cash Provided by Noncapital Financing Activities	0	10,830	10,830
Cash Flows from Investing Activities			
Interest and Investment Revenue	36,987	8,253	45,240
Proceeds from Sale and Maturity of Investments	0	35,031	35,031
Payments to Issue Notes Receivable (Nonoperating)	0	(14,181)	(14,181)
Net Cash Provided by Investing Activities	36,987	29,103	66,090
Net Increase (Decrease) in Cash/Cash Equivalents	(40,915)	30,154	(10,761)
Cash/Cash Equivalents - Beginning of Year	580,765	74,119	654,884
Cash/Cash Equivalents - End of Year	\$ 539,850	\$ 104,273	\$ 644,123
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities			
Operating Income (Loss)	\$ (77,074)	\$ 7,786	\$ (69,288)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	0	78	78
Amortization (Accretion) and Other Noncash Expenses	0	96	96
Decrease (Increase) in Assets			
Accounts Receivable	(801)	(108)	(909)
Interest and Investment Revenue Receivable	0	53	53
Notes Receivable	0	(17,049)	(17,049)
Increase (Decrease) in Liabilities			
Accounts Payable and Accrued Liabilities	8	(200)	(192)
Interest Payable	0	(460)	(460)
Deferred Revenue	(35)	0	(35)
Compensated Absences	0	25	25
Net Cash Used by Operating Activities	(77,902)	(9,779)	(87,681)

The Notes to the Financial Statements are an integral part of this statement.

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Statement of Fiduciary Net Assets

Fiduciary Funds and Similar Component Units

June 30, 2001

(expressed in thousands)

	Pension Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash/Cash Equivalents	\$ 497,895	\$ 6,182	\$ 149,691
Investments	13,705,528	0	0
Securities Lending Investments	1,772,085	0	0
Accounts Receivable	0	0	302
Interest and Investment Revenue Receivable	75,995	18	386
Employer Contributions Receivable	18,256	0	0
Employee Contributions Receivable	16,852	0	0
Other Contributions Receivable	22,349	0	0
Other Receivables	324	0	7
Due from Brokers	148,591	0	0
Due from Other Funds	1,806	0	764
Inventory	0	0	3,797
Capital Assets, Net	986	0	0
Other Assets	111	0	0
Total Assets	16,260,778	6,200	\$ 154,947
Liabilities			
Accounts Payable	3,206	0	\$ 1,044
Tax Refunds Payable	0	0	5,292
Securities Lending Payable	1,772,085	0	0
Due to Brokers	277,071	0	0
Due to Other Funds	12	0	103
Due to Component Units	6,786	0	3,549
Due to Others	0	0	144,959
Compensated Absences	322	0	0
Benefits in the Process of Payment	49,384	0	0
Other Liabilities	6,440	0	0
Total Liabilities	2,115,306	0	\$ 154,947
Net Assets			
Held in Trust for Pension Benefits and Pool Participants	\$ 14,145,472	\$ 6,200	

The Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets Fiduciary Funds and Similar Component Units

June 30, 2001

(expressed in thousands)

	Pension Trust Funds	Investment Trust Funds
Additions		
Contributions		
Employer Contributions	\$ 355,082	\$ 0
Employee Contributions	298,252	0
Other Contributions	233,702	4,715
Total Contributions	887,036	4,715
Investment Earnings		
Net (Decrease) in Fair Value of Investments	(1,035,561)	0
Interest and Investment Revenue	525,785	262
Total Investment Earnings	(509,776)	262
Less Investment Expenses	130,870	0
Net Investment Earnings	(640,646)	262
Total Additions	246,390	4,977
Deductions		
Administrative and General Expenses	9,783	0
Benefit Payments and Refunds	1,080,266	4,185
Total Deductions	1,090,049	4,185
Change in Net Assets	(843,659)	792
Net Assets - Beginning of Year (as restated)	14,989,131	5,408
Net Assets - End of Year	\$ 14,145,472	\$ 6,200

The Notes to the Financial Statements are an integral part of this statement.

MAJOR COMPONENT UNITS

The State of Oklahoma has eight major component units which are described below:

STATE INSURANCE FUND

P.O. Box 53505, Oklahoma City, Oklahoma 73152

The Fund provides a source of workers' compensation insurance for all employers within the state including state agencies and other governmental units. The Fund is financed through employer premiums.

STATE AND EDUCATION EMPLOYEES GROUP INSURANCE BOARD

3545 N.W. 58th Street, Suite 1000, Oklahoma City, Oklahoma 73112

The Board provides varying coverages of group health, dental, life, and disability benefits to active employees and retirees of the State, local governments, and education entities as well as certain other eligible participants. The Board is financed through employer and employee premiums.

OKLAHOMA STUDENT LOAN AUTHORITY

4545 N. Lincoln Blvd., Suite 66, Oklahoma City, Oklahoma 73105

The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

OKLAHOMA HOUSING FINANCE AGENCY

1140 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116

The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TRANSPORTATION AUTHORITY

P.O. Box 11357, Oklahoma City, Oklahoma 73136

The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY

P.O. Box 409, Vinita, Oklahoma 74301

The Authority controls the waters of the Grand River system to generate water power and electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY

P.O. Box 1960, Edmond, Oklahoma 73083

The Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

HIGHER EDUCATION

Higher Education is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The System includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES

University of Oklahoma
Oklahoma State University

OTHER FOUR YEAR UNIVERSITIES

University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers State University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES

Carl Albert State College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (the "System") is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System.

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

Ardmore Higher Education Program and **McCurain County Higher Education Program** were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide ostsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

Combining Statement of Net Assets

Major Component Units

June 30, 2001

(expressed in thousands)

	State Insurance Fund	State and Education Empl. Group Insurance Bd.	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Transportation Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Assets										
Current Assets										
Cash/Cash Equivalents										
Unrestricted	\$ 5,203	\$ 7,408	\$ 10	\$ 3,798	\$ 11,544	\$ 18,435	\$ 1,392	\$ 348,791	\$ 46,141	\$ 442,722
Investments	615,054	163,176	5,005	2,371	119,476	61,897	5,155	219,860	11,625	1,203,619
Securities Lending Investments	116,692	0	0	0	0	0	0	0	0	116,692
Accounts Receivable	15,108	10,836	0	2,544	5,422	20,513	9,058	112,893	7,375	183,749
Interest and Investment										
Revenue Receivable	6,677	1,287	267	133	1,604	1,582	1,634	3,885	771	17,840
Federal Grants Receivable	0	0	0	0	0	0	0	1,374	0	1,374
Other Receivables	16,416	2,068	0	0	0	0	0	10,541	0	29,025
Notes Receivable	0	0	0	9,698	0	0	0	5,035	2,817	17,550
Due from Fiduciary Funds	0	10,335	0	0	0	0	0	0	0	10,335
Due from Other Component Units	105	0	0	0	0	468	0	349	67	989
Due from Primary Government	983	43	0	0	1,048	60	0	39,538	2,502	44,174
Inventory	0	0	0	0	2,331	25,964	0	19,288	0	47,583
Prepaid Items	0	0	0	358	113	843	0	2,145	11	3,470
Other Current Assets	1,097	0	0	0	0	6,635	182	104	77	8,095
Total Current Assets	777,335	195,153	5,282	18,902	141,538	136,397	17,421	763,803	71,386	2,127,217
Noncurrent Assets										
Cash/Cash Equivalents -										
Restricted	0	0	75	4,257	60,342	0	9,612	104,220	2,804	181,310
Investments - Restricted	0	0	0	0	0	0	0	0	504	504
Long-Term Investments										
Unrestricted	0	0	0	8,649	0	0	27,930	116,793	32,435	185,807
Restricted	0	0	68,043	0	331,751	147,652	56,167	172,446	0	776,059
Leases Receivable	0	0	0	0	0	0	285	0	1,002	1,287
Long-Term Notes Receivable, Net										
Unrestricted	38,800	0	16,750	602,149	0	0	0	38,870	30,021	726,590
Restricted	0	0	378,804	0	0	0	0	0	0	378,804
Capital Assets, Net	6,028	813	935	802	1,046,578	474,517	137,547	1,430,280	106,766	3,204,266
Other Noncurrent Assets										
Unrestricted	0	0	101	3,739	11,862	115,266	147,990	24,556	29,319	332,833
Restricted	0	0	15,415	0	1,135	0	0	10,841	37	27,428
Total Noncurrent Assets	44,828	813	480,123	619,596	1,451,668	737,435	379,531	1,898,006	202,888	5,814,888
Total Assets	\$ 822,163	\$ 195,966	\$ 485,405	\$ 638,498	\$ 1,593,206	\$ 873,832	\$ 396,952	\$ 2,661,809	\$ 274,274	\$ 7,942,105
Liabilities										
Current Liabilities										
Accounts Payable and										
Accrued Liabilities	\$ 2,888	\$ 15,764	\$ 1,020	\$ 278	\$ 19,511	\$ 9,491	\$ 7,991	\$ 73,996	\$ 2,830	133,769
Payable Under Securities										
Lending Agreements	116,692	0	0	0	0	0	0	0	0	116,692
Claims and Judgments	96,973	61,074	0	0	0	0	0	28,716	15,916	202,679
Interest Payable	0	0	2,408	0	35,910	4,013	10,043	5,723	25,326	83,423
Due to Other Component Units	301	4	0	0	19	21	468	67	109	989
Due to Primary Government	46	92	0	9	3,281	17	0	726	42	4,213
Deferred Revenue	25,099	0	0	2,769	11,358	0	0	58,023	163	97,412
Capital Leases	0	0	0	0	0	0	0	5,147	0	5,147
Capital Leases-Primary Govt.	0	0	0	0	0	0	0	2,503	172	2,675
Compensated Absences	1,097	686	75	456	1,193	2,232	116	38,572	1,810	46,237
Notes Payable	0	0	0	0	0	0	0	1,259	187	1,446
General Obligation Bonds	0	0	0	0	0	0	0	5,005	1,121	6,126
Revenue Bonds	0	0	3,345	40,849	14,790	47,360	8,445	11,163	0	125,952
Other Current Liabilities	24,328	4,649	0	15,538	7,770	0	0	76,574	0	128,859
Total Current Liabilities	267,424	82,269	6,848	59,899	93,832	63,134	27,063	307,474	47,676	955,619
Noncurrent Liabilities										
Claims and Judgments	375,398	4,790	0	0	0	0	0	2,479	163,518	546,185
Due to Primary Government	0	0	0	0	47,961	0	0	0	0	47,961
Capital Leases	0	0	0	0	0	0	0	18,713	0	18,713
Capital Leases-Primary Govt.	0	0	0	0	0	0	0	39,252	1,632	40,884
Compensated Absences	0	0	0	0	0	0	0	17,349	90	17,439
Notes Payable	0	0	99,435	0	0	0	0	21,756	40,405	161,596
General Obligation Bonds	0	0	0	0	0	0	0	10,870	64,112	74,982
Revenue Bonds	0	0	320,305	531,683	1,259,492	751,270	342,957	282,389	10,996	3,499,092
Other Noncurrent Liabilities	0	0	891	0	16,837	0	10,050	37,965	940	66,683
Total Noncurrent Liabilities	375,398	4,790	420,631	531,683	1,307,453	768,107	353,007	430,773	281,693	4,473,535
Total Liabilities	642,822	87,059	427,479	591,582	1,401,285	831,241	380,070	738,247	329,369	5,429,154
Net Assets										
Invested in Capital Assets,										
Net of Related Debt	6,028	813	935	802	(89,449)	(105,565)	(87)	1,102,521	112,952	1,028,950
Restricted for:										
Debt Service	0	0	29,047	22,930	89,041	0	16,969	33,285	332	191,604
Other Special Purpose	0	0	0	0	59,549	27,500	0	384,734	633	472,416
Unrestricted	173,313	108,094	27,944	23,184	132,780	120,656	0	403,022	(169,012)	819,981
Total Net Assets	\$ 179,341	\$ 108,907	\$ 57,926	\$ 46,916	\$ 191,921	\$ 42,591	\$ 16,882	\$ 1,923,562	\$ (55,095)	\$ 2,512,951

The Notes to the Financial Statements are an integral part of this statement.

Combining Statement of Activities

Major Component Units

June 30, 2001
(expressed in thousands)

	Expenses	Program Revenues			Net (Expense) Revenue	General Revenue		Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
		Charges for Services	Operating Grants and Contributions			Payments from Primary Government				
Component Units:										
State Insurance Fund	\$ 138,134	\$ 140,379	\$ -	\$ 2,245	\$ -	\$ 2,245	\$ 177,096	\$ 179,341		
State and Education Employees										
Group Insurance Board	403,256	399,427	-	(3,829)	-	(3,829)	112,736	108,907		
Oklahoma Student Loan Authority	25,026	31,505	-	6,479	-	6,479	51,447	57,926		
Oklahoma Housing Finance Agency	62,738	12,367	55,607	5,236	-	5,236	41,680	46,916		
Oklahoma Transportation Authority	130,398	170,135	-	39,737	-	39,737	152,184	191,921		
Grand River Dam Authority	213,791	216,046	-	2,255	-	2,255	40,336	42,591		
Oklahoma Municipal Power Authority	118,364	121,023	-	2,659	-	2,659	14,223	16,882		
Higher Education Component Unit	2,261,832	1,487,205	25,398	(749,229)	835,371	86,142	1,837,420	1,923,562		
Nonmajor Component Units Total	169,398	85,129	23	(84,246)	52,516	(31,730)	(23,365)	(55,095)		
Total Component Units	<u>\$ 3,522,937</u>	<u>\$ 2,663,216</u>	<u>\$ 81,028</u>	<u>\$ (778,693)</u>	<u>\$ 887,887</u>	<u>\$ 109,194</u>	<u>\$ 2,403,757</u>	<u>\$ 2,512,951</u>		

The Notes to the Financial Statements are an integral part of this statement.

Combining Condensed Statement of Cash Flows

Major Component Units

June 30, 2001
(expressed in thousands)

	Net Cash Provided (Used) by:				Net Increase (Decrease) in Cash and Cash Equivalents	Cash and Cash Equivalents - Beginning of Year	Cash and Cash Equivalents - End of Year
	Operating Activities	Noncapital Financing Activities	Capital and Related Financing Activities	Investing Activities			
Component Units:							
State Insurance Fund	\$ (15,747)	\$ -	\$ (250)	\$ 12,826	\$ (3,171)	\$ 8,374	\$ 5,203
State and Education Employees							
Group Insurance Board	(11,732)	-	(224)	12,243	287	7,121	7,408
Oklahoma Student Loan Authority	6,071	120,535	(742)	(125,858)	6	79	85
Oklahoma Housing Finance Agency	9,595	-	(554)	(5,351)	3,690	4,365	8,055
Oklahoma Transportation Authority	91,450	1,738	(346,389)	259,234	6,033	65,853	71,886
Grand River Dam Authority	70,416	-	(105,491)	14,481	(20,594)	39,029	18,435
Oklahoma Municipal Power Authority	25,333	-	(29,438)	(11,695)	(15,800)	26,804	11,004
Higher Education Component Unit	(799,193)	933,590	(115,799)	(1,445)	17,153	435,858	453,011
Nonmajor Component Units Total	(76,809)	82,962	(23,663)	12,645	(4,865)	53,810	48,945
Total Component Units	<u>\$ (700,616)</u>	<u>\$ 1,138,825</u>	<u>\$ (622,550)</u>	<u>\$ 167,080</u>	<u>\$ (17,261)</u>	<u>\$ 641,293</u>	<u>\$ 624,032</u>

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

Notes to the F.S.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the "State") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement 35 *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The State is required to implement these standards for the fiscal year ending June 30, 2002. However, the State has elected to follow GASB's recommendation and early implement these standards. The State has adopted the provisions of GASB Statements 34 and 35 for its fiscal year ended June 30, 2001. With the implementation of GASB Statements 34 and 35, the state has prepared required supplementary information titled *Management's Discussion and Analysis* which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statements 34 and 35. Therefore, the State has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*, Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*, Statement 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement 38 – *Certain Financial Statement Note Disclosures*.

The accompanying financial statements present the financial position of the state and the various funds and fund types, the results of operations of the state and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2001, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts and authorities and any other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The State has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. Local school districts (the State's support of the public education system is reported in the General Fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

As required by generally accepted accounting principles, these financial statements present the State of Oklahoma (the primary government) and its component units.

Discrete Component Units

Component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Separately issued independent audit reports may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the Fund Financial Statements section for the Major Component Units, and the description page in the Combining Financial Statement section of this report for the NonMajor Component Units.

The Component Units columns of the government-wide financial statements include the financial data of the following entities:

MAJOR COMPONENT UNITS

State Insurance Fund (SIF) provides a source for workers' compensation insurance for all public and private employers within the state and operates similarly to an insurance company. SIF is financed through employer premiums. The Board of Managers is comprised of nine members: The Director of State Finance, the Lieutenant Governor, the State Auditor (or their designees), the Director of Central Services, and appointees by the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The State can impose its will on the Fund by its ability to remove board members at will. The Fund was audited by other independent auditors for the year ended December 31, 2000, and their report, dated February 23, 2001, has been previously issued under separate cover.

State and Education Employees Group Insurance Board provides group health, life, dental, disability and other benefits to active employees and retirees of the State and certain other eligible participants. The Board is financed through employer and employee premiums. The Board consists of eight members: the State Insurance Commissioner, the Director of State Finance, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. A financial benefit/burden relationship exists between the State and the Board. The Board was audited by other independent auditors for the year ended June 30, 2001, and their report, dated October 24, 2001, has been previously issued under separate cover.

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The Authority is composed of five members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 17, 2001, has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of citizens. In addition, the Agency administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development. The Board of Trustees consists of five members appointed by the Governor. The State can impose its will on the Agency by its ability to veto or modify the Agency's decisions. The Agency was audited by other independent auditors for the year ended September 30, 2000, and their report, dated December 21, 2000, has been previously issued under separate cover.

Oklahoma Transportation Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the Governor and six members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 2000, and their report, dated March 16, 2001, has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy, and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The Board of Directors consists of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year

ended December 31, 2000, and their report, dated March 16, 2001, has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the State's Bond Oversight Commission. Exclusion of the component unit would cause the State's financial statements to be misleading or incomplete. The Authority was audited by other independent auditors for the year ended December 31, 2000, and their report, dated February 9, 2001, has been previously issued under separate cover.

Higher Education Component Unit - This component unit is primarily comprised of the twenty-five colleges and universities that are members of the Oklahoma State System of Higher Education (the System). Separately issued independent audit reports for each college, university, or other included entity may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. Each institution in the System is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on each institution by its ability to modify and approve their budget and its ability to approve fee changes. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities.

- **Oklahoma State Regents for Higher Education** serves as the coordinating board of control for the System. The Board of Regents for Higher Education consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the State Regents for Higher Education by its ability to modify and approve their budget.
- **Board of Regents of Oklahoma Colleges** has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The Board consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Board of Regents by its ability to modify and approve their budget.
- **Ardmore Higher Education Program** and **McCurtain County Higher Education Program** were established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Programs earn credit applicable toward academic degrees and certificates at participating institutions in the System. Each Program is administered by a Board of Trustees who are appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Programs by its ability to modify and approve their budget.
- **Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts. The Districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.

NONMAJOR COMPONENT UNITS

Oklahoma Educational Television Authority was created to "make educational television services available to all Oklahoma citizens on a coordinated statewide basis." The Board of Directors is comprised of thirteen members, seven of which are appointed by the Governor, with the advice and consent of the Senate. A financial benefit/burden relationship exists between the State and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated September 6, 2001, has been previously issued under separate cover.

Oklahoma Industrial Finance Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The Authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 16, 2001, has been previously issued under separate cover.

Health Insurance High Risk Pool (HIHRP) provides health insurance to individuals who are unable to obtain coverage from independent insurers. HIHRP is financed by assessments levied on independent insurers. The Board consists of nine members appointed by the Insurance Commissioner. The State can impose its will on the Pool by its ability to modify the decisions of the Board. The Pool was audited by other independent auditors for the year ended June 30, 2001, and their report, dated October 19, 2001, has been previously issued under separate cover.

Multiple Injury Trust Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury. The State can impose its will on the Fund by its ability to remove management at will. The Fund was audited by other independent auditors for the period ended December 31, 2000, and their report, dated March 6, 2001, has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The Authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the Authority. The Authority is governed by a six-member board consisting of appointees of the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate, and officials from the state Medicaid Program, the University of Oklahoma Health Sciences Center and the Authority. A financial benefit/burden relationship exists between the State and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 31, 2001, has been previously issued under separate cover.

Medical Technology and Research Authority is authorized to promote and assist the development of medical technology and research benefiting the citizens of Oklahoma. The Authority obtains funds through parking revenue, lease revenue, and other services. The Authority is directed by an eight-member board. The two ex officio members include the President of the University of Oklahoma and the Chief Executive Officer of the University Hospitals, or their designees. Of the remaining members, two are appointed by the Governor and one is appointed by each of the following: Speaker of the House of Representatives, President Pro Tempore of the Senate, President of the University of Oklahoma and the Director of the Department of Human Services. The State can impose its will on the Authority by its ability to modify or approve changes the Authority makes to its fees. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 10, 2001, has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the State. The Governing Board is comprised of seven members, of which five are appointed by the Governor, with the advice and consent of the Senate, plus the Director of the Department of Commerce and the State Treasurer. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 31, 2001, has been previously issued under separate cover.

Oklahoma Capital Investment Board assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy. The Board of Directors is comprised of five members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 10, 2001, has been previously issued under separate cover.

Oklahoma Environmental Finance Authority provides public and private entities financing for facilities necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes. The three Trustees of the Authority are appointed by the Governor. The State can impose its will on the Authority by its ability to remove trustees at will. The Authority was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 31, 2001, has been previously issued under separate cover.

Fiduciary Component Units

The six Public Employee Retirement Systems (PERS) administer pension funds for the State and its political subdivisions. The six PERS are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. These component units, while meeting the definition of a component unit and are legally separate, are presented in the fund financial statements along with other primary government fiduciary funds of the State. They have been omitted from the government-wide financial statements.

Separately issued independent audit reports are available even though they are excluded from the government-wide financial statements. They may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the combining financial statement section of this report.

Oklahoma Firefighters Pension and Retirement System provides retirement benefits for municipal firefighters. The System is administered by a board comprised of thirteen members: The President of the Professional Fire Fighters of Oklahoma, the President of the Oklahoma State Retired Fire Fighters Association, the State Insurance Commissioner, the Director of State Finance (or their designees), the five members of the Board of Trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated September 7, 2001, has been previously issued under separate cover.

Oklahoma Law Enforcement Retirement System provides retirement benefits for qualified law enforcement officers. The System is administered by a board comprised of thirteen members: The Assistant Commissioner of Public Safety, the Director of State Finance (or his designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic Beverage Laws Enforcement Commission, and appointees by the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 24, 2001, has been previously issued under separate cover.

Oklahoma Public Employees Retirement System administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county and local employees. The board is comprised of thirteen members: The Chairman of the Corporation Commission, the Administrator of the Office of Personnel Management, the State Insurance Commissioner, the Director of State Finance (or their designees), a member of the State Tax Commission, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated October 25, 2001, has been previously issued under separate cover.

Uniform Retirement System for Justices and Judges is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated October 25, 2001, has been previously issued under separate cover.

Oklahoma Police Pension and Retirement System provides retirement benefits for police officers employed by participating municipalities. The System is administered by a board comprised of thirteen members: Seven members elected from the seven Districts, the Director of State Finance, the State Insurance Commissioner (or their designees) and appointees by the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 31, 2001, has been previously issued under separate cover.

Teachers' Retirement System of Oklahoma provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The System is administered by a board consisting of the Superintendent of Public Instruction, the Director of the State Department of Vocational and Technical Education, the Director of State Finance (or their designees), and appointees by the Governor, with the advice and consent of the Senate, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The System was audited by other independent auditors for the year ended June 30, 2001, and their report, dated August 17, 2001, has been previously issued under separate cover.

Related Organizations and Related Parties

Organizations for which a primary government is accountable because the State appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordinance Works Authority (OOWA) is a related organization of the State. The State appoints a voting majority of the Trustees of OOWA but has no further accountability.

Oklahoma Education Television Authority Foundation, Inc. is a non-profit organization established to receive private donations and contributions that could be used for the benefit of the Oklahoma Education Television Authority (OETA), a part of the primary government. The Foundation does not meet the definition of a component unit but is considered a related party of OETA. During the fiscal year ended June 30, 2001, the foundation disbursed approximately \$3,700,000 for the benefit of OETA.

The colleges and universities included in the Higher Education Component Unit have various foundations organized for the purpose of receiving and administering gifts intended for the benefit of their respective college or university. These foundations do not meet the definition of a component unit but are considered a related party of the college or university. During the fiscal year ended June 30, 2001, these foundations expended, on-behalf of the State's colleges and universities, approximately \$88,170,000 for facilities and equipment, salary supplements, general educational assistance, faculty awards, and scholarships.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a give function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular functions, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general

revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles (GAAP) since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at June 30, 2001, has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a reservation of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's two enterprise funds have elected to not apply FASBs issued after the applicable date. Each proprietary component unit has individually made this election as disclosed in their separate audit reports.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating

revenues and expenses. The principal operating revenues of the state's enterprise funds are the moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits and interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board (OWRB). The OWRB reports federal grants as both operating and nonoperating, depending in the types of grants received.

D. Fund Accounting

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the State that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows.

1. Governmental Funds

General Fund - This fund accounts for all activities of the State not specifically required to be accounted for in other Funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the General Fund with a reservation of fund balance for debt service.

Capital Projects Fund - This fund accounts for financial resources used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds. These resources are derived from proceeds of the general obligation bonds issued on March 9, 1993, and July 21, 1993.

Commissioners of the Land Office Permanent Fund – This fund accounts for the land and cash granted to the State by the United States Congress for the use and benefit of educational systems in Oklahoma. This fund's assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Department of Wildlife Conservation Permanent Fund – This fund accounts for moneys held in trust for the improvement and preservation of wildlife. The moneys have been accumulated from the sale of lifetime hunting and fishing licenses. This fund's assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Tobacco Settlement Endowment Permanent Fund – This fund accounts for certain moneys transferred from the general fund, that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

2. Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

Employment Security Commission Enterprise Fund - This fund accounts for the deposit of moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

Oklahoma Water Resources Board Enterprise Fund - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

3. Fiduciary Funds and Similar Component Units

The State presents as Fiduciary Funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units.

Pension Trust Funds - These Funds account for the transactions, assets, liabilities, and net assets of the Wildlife Conservation Retirement Plan in the primary government and the six Public Employee Retirement Systems (PERS) that meet the definition of a component unit of the state.

Investment Trust Fund – This Fund accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

Agency Funds - These Funds account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals.

4. Component Units

These entities are legally separate from the State but are considered part of the reporting entity. These Funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six Public Employee Retirement Systems (PERS) meet the definition of a component unit, but are presented with the other fiduciary funds of the state.

5. Financial Statement Reporting Periods

The accompanying financial statements of the State are presented as of June 30, 2001, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

State Insurance Fund	12-31-00
Multiple Injury Trust Fund	12-31-00
Oklahoma Transportation Authority	12-31-00
Grand River Dam Authority	12-31-00
Oklahoma Municipal Power Authority	12-31-00
Oklahoma Housing Finance Agency	09-30-00

E. Budgeting and Budgetary Control

The State's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Required Supplementary Information – Budgetary Schedules are presented on the budgetary basis. A reconciliation of revenues in excess of (less than) expenditures and other financing sources (uses) on a budgetary basis at June 30, 2001, to revenues in excess of (less than) expenditures and other financing sources (uses) presented in conformity with generally accepted accounting principles is set forth in the Notes to Required Supplementary Information.

The Governor prepares and submits to the Legislature at the beginning of each annual legislative session a balanced budget based on budget requests prepared by the various state agencies. The General Fund is the only Fund for which an annual budget is legally adopted. Budgeted expenditures can not exceed the amount available for appropriation as

certified by the State Board of Equalization. The Legislature may modify the Governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The Governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of State Finance can approve transfers of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended moneys for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for agency managers to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to 30 months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Director of State Finance is required to reduce the budget by the amount of such deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental appropriation. For fiscal year 2001, \$78,083,000 was approved by the Legislature for supplemental appropriation. All fiscal year 2001 appropriated line items were within their authorized spending level.

F. Cash and Cash Equivalents

The State uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has an equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the General Fund except for those investments made specifically for the Capital Projects Fund, proprietary fund type, fiduciary fund type, proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits shall be established by rules and regulations promulgated by the State Treasurer.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by Federal law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the Fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to cash.

G. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Investments are generally stated at fair value in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

H. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes, that are collected within sixty days after year end. Lease payments receivable in the General Fund consists of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectibility of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in enterprise funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

I. Inter/Intrafund Transactions

Interfund Transactions - The State has two types of interfund transactions.

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the funds involved.
- Operating appropriations/subsidies are accounted for as transfers in the funds involved.

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same fund, are considered expenditures by the contractor and revenues by the contractee for budgetary purposes. The Required Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis government wide financial statements.

A portion of motor fuel excise taxes collected on fuels consumed on the State's turnpikes is made available to the Oklahoma Transportation Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent Due to Other Funds on the financial statements of OTA.

J. Inventories

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a reservation of fund balance on the balance sheet, except for \$190,000 in food stamps and \$2,135,000 in food commodities which is recorded as inventory and deferred revenue. Upon distribution, the food stamps and food commodities are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the agency fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the general fund is valued at coupon value.

Higher education component unit inventories are stated at the lower of cost or market, cost being determined on either the first-in first-out or average cost basis.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the state as assets which have a cost of \$25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation.

The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. Infrastructure constructed prior to July 1, 2000 has been recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by the Oklahoma Department of Transportation and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend as asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units financial statements.

Capital assets of the primary government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Machinery and Equipment	3 - 20 years
Buildings and Other Improvements	7 - 60 years
Infrastructure	30 years

L. Other Assets

Included in other assets (noncurrent for component units) are costs to be recovered from future revenues. Certain items included in the operating costs of **Grand River Dam Authority**, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded fixed assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The **Oklahoma Municipal Power Authority** (OMPA) enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, OMPA currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are deferred to future periods in which these amounts will be recovered through revenues.

M. Deferred Revenue

Deferred revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Available is defined as due (or past due) at June 30, and collected within 60 days thereafter to pay obligations due at June 30. Deferred revenues also arise when resources are received by the State before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Deferred revenues at the government-wide level arise only when the State receives resources before it has a legal claim to them. Also included in deferred revenue at both levels is the undistributed food stamp and food commodity inventories.

N. Compensated Absences

Employees entering service prior to July 1, 1996, earn annual vacation leave at the rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Employees entering State service on or after July 1, 1996, earn annual vacation leave at the rate of 6.66 hours per month for the first 5 years of service, 10 hours per month for service of 5 to 10 years, 13.3 hours per month for service of 10 to 20 years, and 16.66 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued annual leave is payable upon termination, resignation, retirement, or death. The governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

O. Risk Management

The Risk Management Division of the Department of Central Services is responsible for the acquisition and administration of all insurance purchased by the State, or administration of any self-insurance plans and programs adopted for use by the State or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Division is authorized to settle claims of the State and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Division oversees the collection of liability claims owed to the State incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the State presented to the Risk Management Division.

P. Federal Grants

In addition to monetary transactions, Federal grants also include non-monetary transactions for surplus inventory, food stamps, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the General Fund.

Q. Long-Term Obligations

Premiums, Discounts and Issuance Costs— In the government-wide financial statements long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges in other assets and are amortized over the term of the related debt.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Arbitrage Rebate Liability — The capital project fund, enterprise funds and component units account for arbitrage rebate payable as a liability of the fund. The increase in the obligation has been recorded as a reduction of current year interest revenue.

R. Governmental Fund – Fund Balance Reserves and Designations

The governmental fund financial statements present fund balance reserves for those portions of fund balance (1) not available for appropriation for expenditure or (2) legally segregated for a specific future use. The reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The governmental funds' designation of fund balance reflects tentative plans for future use of financial resources.

As further explained in item J above, the general fund inventory includes \$190,000 in food stamps and \$2,135,000 in food commodities which is also included in deferred revenue. Therefore, the reservation of fund balance for inventory/prepaid on the balance sheet is \$2,325,000 less than the total of inventory and prepaid items.

S. Deficit Charges for Services and Interest and Investment and Revenue – Commissioners of the Land Office

The Charges for Services for the Education – General function of government in the governmental activities on the Statement of Activities in the government wide statements presents a negative amount. Also the Interest and Investment Revenue for Commissioners of the Land Office Permanent Fund on the Statement of Changes in Revenues, Expenditures and Changes in Fund Balances for governmental funds presents a negative amount. This is the result of a \$45,807,000 negative in net Interest and Investment Revenue for the year due to poor market conditions.

T. Deficit Fund Balance – Multiple Injury Trust Fund

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net assets) of \$242,118,000 at December 31, 2000. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further prohibits future awards against MITF. Funding is to continue until the Board of Managers of the State Insurance Fund, pursuant to an independent actuarial audit, has certified that there are sufficient funds to satisfy all outstanding obligations of MITF.

Note 2. Deposits and Investments

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the amount of collateral securities to be pledged by financial institutions through the State Treasurer's Office are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. This percentage may vary for political subdivisions according to their respective policies.

In accordance with statutes, the State Treasurer may purchase and invest in the following:

Obligations of the United States Government, its agencies and instrumentalities	Collateralized or insured certificates of deposit
Prime banker's acceptances	Negotiable certificates of deposit
Investment grade obligations of state and local governments	Prime commercial paper
Money market funds	Repurchase agreements

Deposits

As of June 30, 2001, the State and its discretely presented component units' bank balances of deposits are fully insured or collateralized with securities held by an agent of the State or its discretely presented component units in their respective names. In addition to these deposits, the State has approximately \$543,000,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

Investments

The State's investments are categorized below per Governmental Accounting Standards Board Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, to give an indication of the level of custodial risk assumed at year end. Category 1 includes investments that are insured, registered, or are held by the State or its agent in the name of the State. Category 2 includes uninsured and unregistered investments, which are held by the counterparties' trust departments or agents in the name of the State. Category 3 includes uninsured and unregistered investments, held by counterparties, or their trust departments or agents, but not in the name of the State.

Investments at June 30, 2001, by investment type, are listed below (expressed in thousands).

Primary Government	Risk Categories			Fair Value
	1	2	3	
U.S. Government Securities	\$ 1,271,655	\$ -	\$ -	\$ 1,271,655
Repurchase Agreements	1,212,131	-	2,080	1,214,211
State Bond Issues	14,595	-	-	14,595
Debt Securities	277,341	-	-	277,341
Equity Securities	478,612	-	10,000	488,612
Investments Held Under Securities Loans for Non-Cash Collateral:				
U.S. Government Securities	360,807	-	-	360,807
	<u>\$ 3,615,141</u>	<u>\$ -</u>	<u>\$ 12,080</u>	<u>3,627,221</u>
Investments Not Subject to Categorization:				
Guaranteed Investment Contracts				29,252
Mutual Funds				4,344
Money Market Mutual Funds				163,828
Limited Partnerships and Other Investments				-
Investments Held Under Securities Loans for Cash Collateral:				
U.S. Government Securities				453,473
Less: Component Units' Investment in State Treasurer's Cash Management Program*				(238,978)
Total Investments				<u>\$ 4,039,140</u>

* Includes presentation and timing differences of \$23,661,000 attributable to component units.

The State's Investment Trust Fund has investments of repurchase agreements. These investments are included in the primary government's schedule of investments above. All repurchase agreements held by the Investment Trust Fund are included in risk category 1.

Component Units	Risk Categories			Fair Value
	1	2	3	
U.S. Government Securities	\$ 601,974	\$ 193,995	\$ 800	\$ 796,769
Repurchase Agreements	3,911	251	781	4,943
State Bond Issues	20,042	-	-	20,042
Debt Securities	137,846	2,050	-	139,896
Equity Securities	162,505	2,557	6	165,068
Investments Held Under Securities Loans for Non-Cash Collateral:				
U.S. Government Securities	-	-	1,655	1,655
	<u>\$ 926,278</u>	<u>\$ 198,853</u>	<u>\$ 3,242</u>	<u>1,128,373</u>
Investments Not Subject to Categorization:				
Guaranteed Investment Contracts				351,337
Non-Negotiable Certificates of Deposit				99,345
Mutual Funds				282,002
Money Market Mutual Funds				11,278
Other Pooled Funds				132,849
Real Estate				564
Investment in State Treasurer's Cash Management Program				215,317
Investments Held Under Securities Loans for Cash Collateral:				
U.S. Government Securities				97,703
Debt Securities				11,081
Equity Securities				2,311
Securities Lending Collateral-Short Term Investment Pools				116,692
Total Investments				<u>\$ 2,448,852</u>

Fiduciary	Risk Categories			Fair Value
	1	2	3	
U.S. Government Securities	\$ 2,118,495	\$ -		\$ 2,118,495
Debt Securities	2,062,658	-		2,062,658
Equity Securities	5,798,590	-		5,798,590
Investments Held Under Securities Loans for Non-Cash Collateral:				
U.S. Government Securities	-	-	122,691	122,691
Debt Securities	-	-	6,121	6,121
Equity Securities	-	-	9,167	9,167
	<u>\$ 9,979,743</u>	<u>\$ -</u>	<u>\$ 137,979</u>	<u>10,117,722</u>
Investments Not Subject to Categorization:				
Real Estate				28,073
Mutual Funds				1,680,883
Limited Partnerships and Other Investments				209,717
Investments Held Under Securities Loans for Cash Collateral:				
U.S. Government Securities				777,528
Debt Securities				213,710
Equity Securities				677,895
Securities Lending Collateral-Short Term Investment Pools				1,772,085
Total Investments				<u>\$ 15,477,613</u>

The governmental component unit, Multiple Injury Trust Fund, did not hold any investments at June 30, 2001.

The following table reconciles the details included within this footnote to the Combined Balance Sheet at June 30, 2001 (expressed in thousands).

	Primary Government	Fiduciary	Component Units
Investments per Statement of Net Assets:			
Investments	\$ 1,315,262	\$ 13,705,528	\$ 2,165,989
Securities Lending Investments	535,189	1,772,085	116,692
Total Investments	1,850,451	15,477,613	2,282,681
Non-negotiable CDs classified as investments	-	-	(1,932)
Pooled cash investments classified as cash equivalents	2,188,689	-	-
Short term investments classified as cash equivalents	-	-	-
Investment in State Treasurer Cash Management Program classified as cash equivalent	-	-	168,103
Total Investments	<u>\$ 4,039,140</u>	<u>\$ 15,477,613</u>	<u>\$ 2,448,852</u>

Securities Lending Transactions – Primary Government

State statute Title 62, Section 90 authorizes the State Treasurer's Office to participate in securities lending transactions. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. All securities held by Northern Trust Company, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the State Treasurer's Office.

During the fiscal year ended June 30, 2001, securities lending agents lent primarily U.S. Government securities. Cash and U.S. Government securities were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 100% of the fair value of the securities loaned. At June 30, 2001, the carrying amount and fair value of the securities on loan was approximately \$814,280,000. The underlying collateral for these securities had a market value of approximately \$895,996,000. Collateral of U.S. Government securities represented approximately \$360,807,000 of the total collateral. Because these securities cannot be sold or pledged unless the borrower defaults, this collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in U.S. Government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

At June 30, 2001, there was no credit risk exposure to borrowers because the amounts the Primary Government owes the borrowers exceed the amounts the borrowers owe the Primary Government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

Securities Lending Transactions – Component Units

The State Insurance Fund (SIF) participates in securities lending transactions as provided by its investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent. The changes for the year in the securities lending asset and liability are presented at net in the Combined and Combining Statement of Cash Flows since the maturity dates differ by less than three months.

During the fiscal year, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Collateral must be provided in the amount of 102% of the fair value of the securities loaned. At fiscal year end, the carrying amount and market value of securities on loan was approximately \$112,750,000. The underlying collateral for these securities had a market value of approximately \$119,696,000. Collateral of securities represented approximately \$3,004,000 of total collateral. Because these securities and letters of credit cannot be pledged or sold unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At fiscal year end, there was no credit risk exposure to borrowers because the amounts SIF owes the borrowers exceed the amounts the borrowers owe SIF. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions or recoveries from prior period losses resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with the cash collateral.

Securities Lending Transactions – Fiduciary Funds and Similar Component Units

The six Public Employees Retirement Systems (PERS) participate in securities lending transactions as provided by their respective investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent.

During the fiscal year ended June 30, 2001, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. However, in certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2001, the carrying amount and fair value of securities on loan was approximately \$1,807,112,000. The underlying collateral for these securities had a market value of approximately \$1,917,698,000. Collateral of securities and letters of credit represented approximately \$145,613,000 of total collateral. Because these securities and letters of credit cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2001, there was no credit risk exposure to borrowers because the amounts the Fiduciary Funds owe the borrowers exceed the amounts the borrowers owe the Fiduciary Funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period

losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans.

External Investment Pool – Primary Government

The State sponsors an investment pool that includes internal and external pool participants. The portion of the pool attributable to external pool participants is included in the primary government as an Investment Trust Fund and does not have separate financial reports. The pool is not registered with the SEC and is reviewed by an Executive Review Committee of the State's Cash Management and Investment Oversight Commission. Assets of the pool are invested pursuant to an overnight repurchase agreement and are collateralized by U.S. Government obligations held by an independent third party custodian. Fair value of the investments is determined on a daily basis. Par value of participants' investments is based on the amount invested and accrued interest. Due to the daily nature of the pool, the third party custodian guarantees the value of the participants' investments. The pool does not include any involuntary participants.

Condensed financial statement information for the internal and external portions of the investment pool follows (expressed in thousands).

	Internal Investment Pool	External Investment Pool	Total Pool
Assets	\$ 690,907	\$ 6,200	\$ 697,107
Liabilities	-	-	-
Net Assets	<u>\$ 690,907</u>	<u>\$ 6,200</u>	<u>\$ 697,107</u>
Additions			
Contributions	\$ 4,786,817	\$ 4,715	\$ 4,791,532
Investment Revenue	34,921	262	35,183
Total Additions	4,821,738	4,977	4,826,715
Deductions			
Distributions to Pool Participants	4,826,071	4,185	4,830,256
Net Increase (Decrease)	(4,333)	792	(3,541)
Net Assets, Beginning of Year	695,240	5,408	700,648
Net Assets, End of Year	<u>\$ 690,907</u>	<u>\$ 6,200</u>	<u>\$ 697,107</u>

Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2001, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands).

	General Fund	Component Units		
	Accounts Receivable	Accounts Receivable	Notes Receivable	Other Receivables
Gross Receivables	\$ 61,650	\$ 242,232	\$ 1,138,081	\$ 29,318
Less: Allowance for Uncollectibles	27,330	58,483	15,137	293
Net Receivables	<u>\$ 34,320</u>	<u>\$ 183,749</u>	<u>\$ 1,122,944</u>	<u>\$ 29,025</u>

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2001, is shown below (expressed in thousands).

	Due From Other Funds General Fund	Due From Fiduciary Funds	Due From Component Units	Due To Other Funds General Fund	Wildlife Lifetime Licenses	Due To Fiduciary Funds	Due To Component Units
Governmental Funds							
General Fund	\$ -	\$ 115	\$ 53,005		\$ 74	\$ 2,570	\$ 44,384
Wildlife Permanent Fund	74	-	-		-	-	-
Total Governmental Funds	<u>\$ 74</u>	<u>\$ 115</u>	<u>\$ 53,005</u>		<u>\$ 74</u>	<u>\$ 2,570</u>	<u>\$ 44,384</u>
Fiduciary Funds							
Pension Trust Funds:							
Firefighters Pension and Retirement System	\$ 1,159			\$ -			\$ -
Oklahoma Law Enforcement Retirement System	170			2			-
Oklahoma Public Employees Retirement System	-			9			-
Oklahoma Police Pension and Retirement System	477			-			-
Teachers' Retirement System of Oklahoma	-			1			6,786
Agency Funds:							
Taxes Held for Outside Entities	-			3			-
Funds Held in Escrow	-			100			-
Other	764			-			3,549
Total Fiduciary Funds	<u>\$ 2,570</u>			<u>\$ 115</u>			<u>\$ 10,335</u>
		Due From Primary Government General Fund	Due From Other Component Units	Due To Primary Government General Fund			Due To Other Component Units
Major Component Units:							
State Insurance Fund	\$ 983	\$ -	\$ 105	\$ 46			\$ 301
State and Education Emp. Group Insurance Board	43	10,335	-	92			4
Oklahoma Housing Finance Agency	-	-	-	9			-
Oklahoma Transportation Authority	1,048	-	-	51,242			19
Grand River Dam Authority	60	-	468	17			21
Oklahoma Municipal Power Authority	-	-	-	-			468
Higher Education	39,538	-	349	726			67
Nonmajor Component Units:							
Oklahoma Educational Television Authority	-	-	-	5			-
Multiple Injury Trust Fund	176	-	-	-			59
University Hospitals Authority	2,302	-	-	25			46
Medical Technology and Research Authority	5	-	21	12			4
Oklahoma Development Finance Authority	19	-	46	-			-
Total Component Units	<u>\$ 44,174</u>	<u>\$ 10,335</u>	<u>\$ 989</u>	<u>\$ 52,174</u>			<u>\$ 989</u>

A reconciliation of interfund receivables and interfund payables at June 30, 2001 follows. Timing differences occur between agencies with a June 30 year end and the component units with December 31 year ends.

Due From Other Funds		Due To Other Funds	
Wildlife Lifetime Licenses	\$ 74	General Fund	\$ 115
Fiduciary Funds	2,570	Wildlife Lifetime Licenses	74
Due From Fiduciary Funds	115	Fiduciary Funds	2,570
Due From Component Units	53,005	Due To Component Units	54,719
Due From Primary Government		Due To Primary Government - General Fund	52,174
General Fund	44,174	Due To Other Component Units	989
Due From Fiduciary Funds	10,335	Total Interfund Payables per Financial Statements	110,641
Due From Other Component Units	989	Timing Differences, Fiscal Year Ending	
Total Interfund Receivables	<u>\$ 111,262</u>	December 31, 2000: Component Units	621
Per Financial Statements		Total Interfund Payables	<u>\$ 111,262</u>

The general fund Due From Other Funds includes \$48,792,000 from Oklahoma Transportation Authority (OTA) (\$47,961,000 at December 31, 2000 on OTA) for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain OTA revenue bonds payable have been paid in full. Also, the general fund is due \$100,000 from the Funds Held in Escrow agency fund for legislative mandated transfer of

earnings on certain funds. The Wildlife Lifetime Licenses permanent fund is due \$74,000 from the general fund for legislative mandated transfer of earnings on certain funds.

The fiduciary funds Due From Other Funds includes \$1,159,000 for Firefighters Pension and Retirement System, \$170,000 for Oklahoma Law Enforcement Retirement System, and \$477,000 for Oklahoma Police Pension and Retirement System. These amounts are due from the general fund for legislative mandated allocation of taxes on insurance premiums.

The component units Due From Primary Government includes \$16,661,000 for Higher Education and \$1,952,000 for University Hospitals Authority. These amounts are due from the general fund for draw downs of principal from Oklahoma Capital Improvement Authority capital lease agreements.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

B. Notes Payable and Capital Leases

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to the State Insurance Fund component of \$38,800,000, as permitted by statute. The note bears interest at a 7% rate and is payable over 30 years in quarterly installments subsequent to December 31, 2001, prior to which only quarterly interest payments are due. The note is collateralized by MITF revenues and any equity or other interests available to MITF.

The Higher Education (HE) and University Hospitals Authority (UHA) component units have entered into capital lease agreements with the general fund's Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. The capital lease outstanding balances are \$41,755,000 for HE and \$1,804,000 for UHA.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2001, follows (expressed in thousands).

<u>Transfers From (Out)</u>	<u>Transfers To (In)</u>	<u>For (Purpose)</u>	<u>Amount</u>
Governmental Funds:			
General Fund	Capital Projects	Project payment	\$ 28
	Permanent Fund:		
	Tobacco Settlement Trust	Fund legislative requirements	14,771
	Proprietary Fund:		
	Oklahoma Water Resources Board	Program subsidy	2,196
Capital Projects	General Fund	Return of excess	28
Permanent Funds:			
Commissioners of Land Office	General Fund	Transfer of expendable earnings	4,995
Department of Wildlife Conservation	General Fund	Transfer of expendable earnings	1,108
Tobacco Settlement Trust	General Fund	Return of excess	3,179
Proprietary Funds:			
Oklahoma Water Resources Board	General Fund	Administrative expenditures	200
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	<u>953</u>
Total Transfers			<u>\$ 27,458</u>

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2001, was as follows (expressed in thousands).

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 699,417	\$ 28,122	\$ (295)	\$ 727,244
Construction in progress	<u>1,620,413</u>	<u>433,659</u>	<u>(412,837)</u>	<u>1,641,235</u>
Total capital assets, not being depreciated	<u>2,319,830</u>	<u>461,781</u>	<u>(413,132)</u>	<u>2,368,479</u>
Capital assets, being depreciated:				
Buildings and improvements	640,387	14,155	(1,158)	653,384
Equipment	230,070	18,837	(12,107)	236,800
Infrastructure	<u>7,621,172</u>	<u>377,008</u>	<u>-</u>	<u>7,998,180</u>
Total capital assets, being depreciated	<u>8,491,629</u>	<u>410,000</u>	<u>(13,265)</u>	<u>8,888,364</u>
Less accumulated depreciation for:				
Buildings and improvements	(265,395)	(13,593)	935	(278,053)
Equipment	(122,665)	(17,500)	9,893	(130,272)
Infrastructure	<u>(3,682,622)</u>	<u>(259,778)</u>	<u>-</u>	<u>(3,942,400)</u>
Total accumulated depreciation	<u>(4,070,682)</u>	<u>(290,871)</u>	<u>10,828</u>	<u>(4,350,725)</u>
Total capital assets, being depreciated, net	<u>4,420,947</u>	<u>119,129</u>	<u>(2,437)</u>	<u>4,537,639</u>
Governmental activities capital assets, net	<u>\$ 6,740,777</u>	<u>\$ 580,910</u>	<u>\$ (415,569)</u>	<u>\$ 6,906,118</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ 276	\$ -	\$ -	\$ 276
Total capital assets, being depreciated	<u>276</u>	<u>-</u>	<u>-</u>	<u>276</u>
Less accumulated depreciation for:				
Equipment	<u>(81)</u>	<u>(79)</u>	<u>-</u>	<u>(160)</u>
Total accumulated depreciation	<u>(81)</u>	<u>(79)</u>	<u>-</u>	<u>(160)</u>
Business-type activities capital assets, net	<u>\$ 195</u>	<u>\$ (79)</u>	<u>\$ -</u>	<u>\$ 116</u>

Current period depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Education	\$ 833
General government	7,987
Health services	2,166
Legal and judiciary	210
Museums	127
Natural resources	3,387
Public safety and defense	8,476
Regulatory services	348
Social services	4,356
Transportation	<u>262,981</u>
Total depreciation expense - governmental activities	<u>\$ 290,871</u>
Business-type activities:	
Natural resources	\$ 79
Total depreciation expense - business-type activities	<u>\$ 79</u>

Component Units

Capital asset activity for the year ended June 30, 2001, (December 31, 2000, or September 30, 2000, for those entities identified in Item D of Note 1) was as follows (expressed in thousands).

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 208,639	\$ 6,469	\$ (4,035)	\$ 211,073
Construction in progress	405,776	341,525	(133,082)	614,219
Total capital assets, not being depreciated	614,415	347,994	(137,117)	825,292
Capital assets, being depreciated:				
Buildings and improvements	2,851,215	159,258	(12,216)	2,998,257
Equipment	1,031,895	104,977	(41,545)	1,095,327
Infrastructure	1,056,436	52,862	(1,808)	1,107,490
Total capital assets, being depreciated	4,939,546	317,097	(55,569)	5,201,074
Less accumulated depreciation for:				
Buildings and improvements	(1,350,570)	(84,173)	2,450	(1,432,293)
Equipment	(715,007)	(77,476)	38,064	(754,419)
Infrastructure	(604,643)	(32,500)	1,755	(635,388)
Total accumulated depreciation	(2,670,220)	(194,149)	42,269	(2,822,100)
Total capital assets, being depreciated, net	2,269,326	122,948	(13,300)	2,378,974
Capital assets, net	\$ 2,883,741	\$ 470,942	\$ (150,417)	\$ 3,204,266

Note 6. Risk Management and Insurance

It is the policy of the State to cover the risk of losses to which it may be exposed through risk management activities. In general, the State is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, second injury workers' compensation, tort liability (except for excess coverage for certain losses in excess of \$1,000,000), vehicle liability, and property losses (except for excess coverage for certain losses in excess of \$250,000, or \$750,000 for certain agencies). The property loss excess coverage is limited to a maximum loss of \$1,000,000,000.

Coverage for health care claims and workers' compensation is provided by two separate component units. The State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. The State Insurance Fund (SIF) provides workers' compensation coverage for the State's employees (and private and local government employees).

The SIF administers claim payments and provides excess-of-loss reinsurance to certain governmental entities that are self-insured. The premiums and fees received in connection with these transactions are included in sales revenue and were approximately \$4,107,000 in 2000. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses was approximately \$37,104,000 at December 31, 2000.

The SIF limits the maximum net loss that can arise from risks by entering into reinsurance agreements to assign risk to other insurers on a catastrophe basis. Premiums paid for this reinsurance were approximately \$34,000 in 2000. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of \$1,075,000 at December 31, 2000, have been recorded in anticipation of estimated amounts to be recovered from reinsurers in future years for losses ceded pursuant to certain prior year reinsurance agreements. These agreements do not relieve SIF from its obligation to policyholders. Failure of reinsurers to honor their obligations could result in losses to SIF. Management believes that all reinsurers presently used are financially sound and will be able to meet their contractual obligations.

Coverage for second injury workers' compensation is provided by a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court for both permanent partial and permanent total disability awards. There is no provision for incurred but not reported claims or claims pending Court determination. Claims and Judgments which were due and owing at December 31, 2000, have been charged to operations for the year ended December 31, 2000. At year end, the MITF loss liability exceeded net assets. MITF was indebted to claimants for court

awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by statute, is the treasury bill rate plus 4% to be updated annually. Legislation was enacted to terminate future awards against MITF for actions.

The remaining risk management activities of the State are included in the State's General Fund. The Risk Management Division of the Department of Central Services is responsible for administering the State's tort liability, vehicle liability, property loss, and other types of risk coverage. Also, the Division is responsible for the acquisition and administration of all insurance policies purchased by the State and administration of any self-insurance plans and programs adopted for use by the State (and for certain organizations and bodies outside of state government).

Except for MITF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses have been included in accrued liabilities for each fund. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The General Fund self-insurance loss liability for the Risk Management Division of the Department of Central Services represents an estimate of amounts to be paid from currently expendable available financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2001, (December 31, 2000, for State Insurance Fund and Multiple Injury Trust Fund) and the prior fiscal year, (expressed in thousands).

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund* -						
Risk Management Division	\$ 13,337	\$ 7,765	\$ (3,061)	\$ 18,041	\$ -	\$ 18,041
Component Units:						
State Insurance Fund	\$ 483,832	\$ 92,497	\$ (103,958)	\$ 472,371	\$ 375,398	\$ 96,973
State and Education Employees						
Group Insurance Board	62,806	375,044	(371,986)	65,864	4,790	61,074
Multiple Injury Trust Fund	198,469	638	(19,673)	179,434	163,518	15,916
Total Component Units**	\$ 745,107	\$ 468,179	\$ (495,617)	\$ 717,669	\$ 543,706	\$ 173,963

* As discussed in the Litigation and Contingencies note, general fund claims and judgments includes \$15,862 accrued for the payment of litigation losses.

** The Higher Education Component Unit's claims and judgments (\$28,716 – current and \$2,479 – noncurrent) are for accrued liabilities not related to risk management.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Prior Fiscal Year						
General Fund -						
Risk Management Division	\$ 14,129	\$ 3,482	\$ (4,274)	\$ 13,337	\$ -	\$ 13,337
Component Units:						
State Insurance Fund	\$ 473,713	\$ 121,378	\$ (111,259)	\$ 483,832	\$ -	\$ 483,832
State and Education Employees						
Group Insurance Board	60,288	337,436	(334,918)	62,806	-	62,806
Multiple Injury Trust Fund	189,530	27,903	(18,964)	198,469	172,506	25,963
Total Proprietary Units	\$ 723,531	\$ 486,717	\$ (465,141)	\$ 745,107	\$ 172,506	\$ 572,601

Public Entity Risk Pool - State and Education Employees' Group Insurance Board

The State operates the Oklahoma State and Education Employees' Group Insurance Board (Plan), a Public Entity Risk Pool.

A. Description of Plan

The Plan provides group health, dental, life, and disability benefits to active state employees and local government employees, as well as varying coverages for active education employees and certain participants of the state's retirement systems, survivors, and persons covered by COBRA. Disability coverage is available only to active state employees and local government employees. The Plan is self-insured and provides participants with the option of electing coverage from certain health maintenance organizations (HMOs). Premium rates for the various groups are separately established.

The coverages are funded by monthly premiums paid by individuals, the State, local governments, educational employers, and retirement systems. A participant may extend coverage to dependents for an additional monthly premium based on the coverage requested. Of the 192,000 primary participants and dependents, approximately 25,000 primary participants and 18,000 dependents were covered by HMOs. These counts relate to health coverage only.

All state agencies are required to participate in the Plan. Eligible local governments may elect to participate in the Plan (240 local governments actually participate). Education entities may participate if a minimum of 50% of their eligible employees elect to join the Plan. Any education entity or local government which elects to withdraw from the Plan may do so with 30 days written notice, and must withdraw both its active and inactive participants.

A summary of available coverages and eligible groups, along with the number of health care participants follows.

	State Employee	Local Government Employee	Education Employee	Teachers' Retirement System	Other Retirement Systems	Survivors	COBRA
Health	X	X	X	X	X	X	X
Dental	X	X	X	X	X	X	X
Life	X	X	X	X	X		
Disability	X	X					
Medicare Supplement				X	X	X	X
Health Care Participants:							
Primary	19,000	7,000	38,000	----- 36,000 -----			
Dependents	-----			49,000	-----		

B. Unpaid Claims Liabilities

The Plan establishes policy and contract claim reserves based on the estimated ultimate cost of settling claims that have been reported but not settled, and of claims that have been incurred but not yet reported. Disability reserves are also established based on the estimated ultimate cost of settling claims of participants currently receiving benefits and for disability claims incurred but not yet reported to the Plan.

The reserves are determined using the Plan's historical benefit payment experience. The length of time for which costs must be estimated depends on the coverages involved. Although such estimates are the Plan's best estimates of the incurred claims to be paid, due to the complex nature of the factors involved in the calculation, the actual results may be more or less than the estimate. The claim liabilities are recomputed on a periodic basis using actuarial and statistical techniques which consider the effects of general economic conditions, such as inflation, and other factors of past experience, such as changes in participant counts. Adjustments to claim liabilities are recorded in the periods in which they are made.

Premium deficiency reserves are required to be recorded when the anticipated costs of settling claims for the following fiscal year are in excess of the anticipated premium receipts for the following year. Anticipated investment income is considered in determining whether a premium deficiency exists.

C. Reconciliation of Claims Liabilities

The schedule below presents the changes in policy and contract claim reserves and disability reserves for the past two years for the three types of coverages: health and dental, life, and disability (expressed in thousands).

	Health and Dental		Life		Disability	
	2001	2000	2001	2000	2001	2000
Reserves at beginning of year	\$ 51,218	\$ 47,470	\$ 2,819	\$ 2,511	\$ 6,401	\$ 7,537
Included claims:						
Provision for insured events of current year	374,132	336,473	11,123	11,103	2,094	1,700
Changes in provisions for insured events of prior years	(11,758)	(10,103)	(206)	(643)	(1,141)	(1,094)
	<u>362,374</u>	<u>326,370</u>	<u>10,917</u>	<u>10,460</u>	<u>953</u>	<u>606</u>
Payments:						
Claims attributable to insured events of current year	319,701	285,715	8,930	8,456	299	242
Claims attributable to insured events of prior years	39,169	36,907	2,588	1,696	1,299	1,500
	<u>358,870</u>	<u>322,622</u>	<u>11,518</u>	<u>10,152</u>	<u>1,598</u>	<u>1,742</u>
Reserves at end of year	<u>\$ 54,722</u>	<u>\$ 51,218</u>	<u>\$ 2,218</u>	<u>\$ 2,819</u>	<u>\$ 5,756</u>	<u>\$ 6,401</u>

D. Revenue and Claims Development Information

The separately issued audited financial statements for the Plan include Required Supplementary Information regarding revenue and claims development.

Note 7. Operating Lease Commitments

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 2001 are as follows (expressed in thousands).

	General Fund	Fiduciary Funds	Component Units
2002	\$ 303	\$ 56	\$ 2,078
2003	281	56	2,009
2004	184	56	1,714
2005	158	3	1,637
2006	84	-	140
2007-2011	-	-	810
2012-2016	-	-	1,001
2017-2021	-	-	653
Total Future Minimum Lease Payments	<u>\$ 1,010</u>	<u>\$ 171</u>	<u>\$ 10,042</u>
Operating lease commitments for building rental for year ended June 30, 2002	\$ 15,348	\$ 364	\$ 2,077
Rent expenditures/expenses for operating leases for year ended June 30, 2001	\$ 15,914	\$ 334	\$ 14,231

Note 8. Lessor Agreements

Direct Financing Leases

At June 30, 2001, minimum lease payments receivable for the State as a whole for each of the five succeeding fiscal years follows (expressed in thousands).

	2002	2003	2004	2005	2006
Primary Government	<u>\$ 5,547</u>	<u>\$ 5,107</u>	<u>\$ 4,547</u>	<u>\$ 3,790</u>	<u>\$ 3,084</u>
Proprietary Component Units:					
Municipal Power Authority	\$ 118	\$ 118	\$ 72	\$ 7	\$ -
Environmental Finance Authority	59	59	59	59	59
Total	<u>\$ 177</u>	<u>\$ 177</u>	<u>\$ 131</u>	<u>\$ 66</u>	<u>\$ 59</u>

Primary Government

The **Department of Transportation** maintains leases classified as direct financing leases. The State leases heavy equipment and machinery to counties within the state. The lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. All new county equipment leases were charged an interest amount equivalent to 3% of the equipment cost. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the state to the AT&L Railroad Company and the Oklahoma, Kansas, and Texas Railroad Company with lease terms ending in 2014 and 2011, respectively. No interest or executory costs are charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery, equipment, and railroad lines are not estimated by the State. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received in future years is approximately \$34,561,000, which is also the net investment in direct financing leases at June 30, 2001.

Component Units

The **Oklahoma Environmental Finance Authority** leases facilities necessary for the abatement, control and reduction of pollution to industrial and commercial entities and the **Oklahoma Municipal Power Authority** leases two electrical substations to two of its member municipalities. These leases are accounted for as direct financing leases. The following schedule lists the net investment in direct financing leases as of June 30, 2001 (expressed in thousands).

Total minimum lease payments to be received	
- Gross investment in financing leases	\$ 1,699
Less: Cost of investments and unearned income	412
Net investment in direct financing leases	<u>\$ 1,287</u>

Operating Leases

Primary Government

The State has operating leases maintained by various state agencies consisting primarily of state owned building space leased to non-state entities. The following schedule presents minimum future rentals receivable from these operating leases (expressed in thousands).

2002	2003	2004	2005	2006	Total
\$ 327	\$ 53	\$ 31	\$ 30	\$ 49	<u>\$ 490</u>

In addition, the leasing operations of the **Commissioners of the Land Office** consist of leasing approximately 800,000 acres of land principally for agricultural purposes. The lease terms are principally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the leasing of these lands (expressed in thousands).

2002	2003	2004	2005	2006	Total
\$ 8,059	\$ 7,099	\$ 5,412	\$ 3,803	\$ 2,197	<u>\$ 26,570</u>

Component Units

The **Oklahoma Transportation Authority** has various noncancelable contracts with concessionaires to provide patron services on the State's turnpike system. The contracts are generally for five year terms, with two five-year renewal options. The Authority receives concession revenue that includes minimum rentals plus contingent rentals based on sales

volume. The Authority also leases antenna space under noncancelable contracts with a 20 year term. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands).

2002	2003	2004	2005	2006	Total
\$ 198	\$ 190	\$ 179	\$ 179	\$ 179	<u>\$ 925</u>

Note 9. Long-Term Obligations - Primary Government, Governmental Funds

Long-term obligations at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from Tax Revenue:								
Institutional Bldg 1992A	1993	4.25-5.20%	2019	\$ 222,230	\$ -	\$ 5,380	\$ 216,850	\$ 5,650
Institutional Bldg 1992B	1994	4.15-6.60%	2014	77,870	-	4,220	73,650	4,380
Total				<u>300,100</u>	<u>-</u>	<u>9,600</u>	<u>290,500</u>	<u>10,030</u>
Revenue Bonds Payable from Lease Rentals:								
OCIA Series A of 1986	1987	6.50%	2007	2,573	-	319	2,254	340
OCIA Series A of 1994	1994	3.00-4.65%	2003	3,060	-	975	2,085	1,020
OCIA Series B of 1994	1995	4.85-7.15%	2010	13,325	-	985	12,340	1,045
OCIA Series B of 1995	1996	3.60-5.30%	2016	27,015	-	1,810	25,205	1,470
OCIA Series B of 1996	1997	3.75-5.50%	2022	3,120	-	80	3,040	85
OCIA Series 1998, Corrections	1998	3.90-5.00%	2018	18,645	-	695	17,950	725
OCIA Series 1998, Highway	1998	3.90-5.00%	2008	259,135	-	27,320	231,815	28,620
OCIA Series 1999A	1999	4.50-5.50%	2020	151,350	-	6,615	144,735	6,945
OCIA Series 1999B	1999	6.20-7.625%	2020	5,955	-	755	5,200	795
OCIA Series 1999C	1999	4.50-5.50%	2020	5,355	-	250	5,105	260
OCIA Series 1999D	2000	3.85-5.70%	2025	14,085	-	400	13,685	415
OCIA Series 2000, Highway	2000	4.30-5.00%	2012	-	153,840	-	153,840	6,195
Tourism 1994	1994	5.30-7.20%	2012	4,660	-	270	4,390	285
Boll Weevil Series 1999	1999	5.15-6.25%	2008	4,555	-	465	4,090	490
Boll Weevil Series 2000A	2000	5.15-6.25%	2008	-	3,500	325	3,175	350
DHS-Pittsburg Co. 1998 (ODFA)	1998	4.25-5.30%	2012	1,365	-	70	1,295	70
DHS-Canad/Linc Co. 2000 (ODFA)	2000	4.30-5.60%	2015	3,710	-	170	3,540	180
Veterans Series 2000 (ODFA)	2000	4.2-5.625%	2015	10,885	-	490	10,395	535
Total				<u>528,793</u>	<u>157,340</u>	<u>41,994</u>	<u>644,139</u>	<u>49,825</u>
Note Payable - Sardis Reservoir				36,208	-	262	35,946	272
Bond Anticipation Note - Boll Weevil Eradication				300	-	300	-	-
Certificates of Participation				3,759	-	723	3,036	774
Capital Leases				7,327	2,343	2,850	6,820	2,130
Compensated Absences				113,015	73,981	66,053	120,943	66,053
Pension Obligation				1,818	-	132	1,686	-
Total Long-Term Obligations				<u>\$ 991,320</u>	<u>\$ 233,664</u>	<u>\$ 121,914</u>	<u>\$ 1,103,070</u>	<u>\$ 129,084</u>

Reduction of debt includes deletions of Capital Leases (\$54) and decreases in Compensated Absences and Pension Obligation which are not included as expenditures in the operating statement.

A. General Obligation Bonds

General obligation bonds, administered by the State Treasurer, are authorized and issued primarily to provide resources for State-owned capital improvements, including office buildings for state agencies. The State has pledged 100% of cigarette taxes collected under these bond issues. General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the bonds.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The State's cumulative arbitrage rebate liability on general obligation bonds for the year ended June 30, 2001, is approximately \$10,500.

The following table presents annual debt service requirements for those long-term debts outstanding at June 30, 2001, which have scheduled debt service amounts (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	2012-2016	2017-2021	2022-2026	Total
General Obligation Bonds:										
Institutional Bldg 1992A	\$ 16,420	\$ 16,460	\$ 16,508	\$ 16,557	\$ 16,603	\$ 83,835	\$ 102,128	\$ 77,771	\$ -	\$ 346,282
Institutional Bldg 1992B	7,895	7,871	7,835	7,800	7,772	38,284	22,356	-	-	99,813
	24,315	24,331	24,343	24,357	24,375	122,119	124,484	77,771	-	446,095
Less: Interest	14,285	13,836	13,358	12,847	12,300	51,804	31,399	5,766	-	155,595
Total Principal	10,030	10,495	10,985	11,510	12,075	70,315	93,085	72,005	-	290,500
Revenue Bonds:										
OCIA Series A of 1986	477	477	477	476	476	318	-	-	-	2,701
OCIA Series A of 1994	1,116	1,114	-	-	-	-	-	-	-	2,230
OCIA Series B of 1994	1,850	1,851	1,846	1,845	1,843	7,320	-	-	-	16,555
OCIA Series B of 1995	2,712	2,715	2,712	2,706	2,692	13,505	7,689	-	-	34,731
OCIA Series B of 1996	244	245	245	241	241	1,210	1,207	1,207	236	5,076
OCIA Series 1998, Corrections	1,579	1,579	1,577	1,578	1,578	7,883	7,888	3,151	-	26,813
OCIA Series 1998, Highway	39,408	39,416	39,407	39,414	39,412	78,819	-	-	-	275,876
OCIA Series 1999A	14,106	14,037	14,042	14,046	11,603	57,184	54,216	43,121	-	222,355
OCIA Series 1999B	1,132	1,133	1,128	1,128	346	1,422	253	203	-	6,745
OCIA Series 1999C	513	512	514	512	391	1,949	1,932	1,542	-	7,865
OCIA Series 1999D	1,112	1,115	1,115	1,114	1,112	5,542	5,515	4,678	1,174	22,477
OCIA Series 2000, Highway	19,906	18,903	18,906	18,907	18,907	94,520	18,906	-	-	208,955
Tourism 1994	573	575	576	570	583	3,501	-	-	-	6,378
Boll Weevil Series 1999	725	727	723	726	726	1,445	-	-	-	5,072
Boll Weevil Series 2000A	618	619	618	617	618	1,233	-	-	-	4,323
DHS-Pittsburg Co. 1998 (ODFA)	133	140	136	137	133	671	420	-	-	1,770
DHS-Canad/Line Co. 2000 (ODFA)	364	366	367	362	367	1,827	1,456	-	-	5,109
Veterans Series 2000 (ODFA)	1,074	1,069	1,073	1,070	1,071	5,355	4,284	-	-	14,996
	87,642	86,593	85,462	85,449	82,099	283,704	103,766	53,902	1,410	870,027
Less: Interest	37,817	29,126	26,335	23,398	20,404	60,164	22,722	5,792	130	225,888
Total Principal	49,825	57,467	59,127	62,051	61,695	223,540	81,044	48,110	1,280	644,139
Certificates of Participation	774	832	870	503	57	-	-	-	-	3,036
Capital Leases	2,130	1,859	1,758	881	94	-	-	-	-	6,820
Total	\$ 62,759	\$ 70,653	\$ 72,740	\$ 74,945	\$ 73,921	\$ 293,953	\$ 174,129	\$ 120,115	\$ 1,280	\$ 944,495
Long-Term Debt without scheduled debt service:										
Note Payable- Sardis Reservoir										35,946
Compensated Absences										120,943
Pension Obligation										1,686
Total Long-Term Obligations										\$ 1,103,070

B. Revenue Bonds

The **Oklahoma Capital Improvement Authority** (OCIA) has ten outstanding series of building bonds to construct and equip state office buildings and prisons. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds. OCIA also issued two series of revenue bonds to construct and improve the highway system. Principal and interest payments on these bonds are paid from rents collected from the Oklahoma Department of Transportation (DOT).

The **Oklahoma Tourism and Recreation Department** has one remaining revenue bond issue for the financing of capital projects of the Parks Division. The revenue generated by fees from the Parks Division is used to meet the bond obligations. Additional security is provided by a special "Bond Reserve Fund", which is maintained in the amount of \$525,000.

The **Boll Weevil Eradication Organization** issued revenue bonds for the purpose of eradicating boll weevils in the state. Principal and interest payments on this bond issue will be paid from assessments charged to cotton growers.

The **Oklahoma Development Finance Authority** (ODFA) has issued two series of lease revenue bonds to provide lease financing for the Department of Human Services. ODFA has also issued lease revenue bonds to provide lease financing for the Department of Veterans Affairs. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

C. Notes Payable

The **Oklahoma Water Resources Board** has a contractual agreement to repay the United States, through the Army Corps of Engineers, for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments over a period of 50 years are to be made for the reservoir construction, operation and maintenance allocated to the present use water supply storage. The water storage facility was completed in 1982 and annual payments began in 1983. There are no scheduled future debt service requirements beyond one year. For further discussion of this note payable, refer to the Litigation and Contingencies note.

D. Certificates of Participation

The State has lease purchase agreements funded through certificates of participation. These leases are for the purchase of equipment and facilities. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents future minimum lease payments as of June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	2006	Total
	\$ 964	\$ 964	\$ 940	\$ 521	\$ 59	\$ 3,448
Less: Interest						412
Present Value of Minimum Lease Payments						<u>\$ 3,036</u>

Leased equipment financed by certificates of participation in capital assets at June 30, 2001, include the following (expressed in thousands).

Equipment	\$ 7,200
Less: Accumulated depreciation	<u>(1,715)</u>
Total	<u>\$ 5,485</u>

E. Capital Leases

The State has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases where the fair market value of the leased asset at inception of the lease is \$25,000 or more.

The following schedule presents future minimum lease payments as of June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	Total
	\$ 3,182	\$ 2,528	\$ 2,339	\$ 1,094	\$ 117	\$ 121	\$ 9,381
Less: Executory costs included in minimum lease payments							1,399
Net Minimum Lease Payments							7,982
Less: Interest							1,162
Present Value of Minimum Lease Payments							<u>\$ 6,820</u>

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2001, include the following (expressed in thousands).

Land (non-depreciable)	\$ 59
Buildings	731
Equipment	12,634
Less: Accumulated depreciation	<u>(7,215)</u>
Total	<u>\$ 6,209</u>

F. Other Liabilities

Compensated absences are liquidated by the general fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Department of Wildlife Conservation defined benefit pension plan. The plan is a single-employer plan that provides retirement, disability, and death benefits to the plan members and their beneficiaries. The pension obligation does not have scheduled future debt service requirements.

G. Authorized Unissued Bonds

The State has authorized the Department of Corrections to issue bonds in the amount of \$1,500,000 for construction and \$4,000,000 for renovations and acquisition of property. The Oklahoma Capital Improvement Authority has been authorized to issue bonds in the amounts of \$157,500,000 and \$12,930,000 for construction and acquisition of property. The Department of Transportation has been authorized to issue Grant Anticipation Revenue Bonds in the amount of \$799,000,000 for construction and improvement of the highway system.

Note 10. Long-Term Obligations - Primary Government, Proprietary Fund

The **Oklahoma Water Resources Board** and the **Department of Environmental Quality** have issued seven series of revenue bonds and six series of notes payable. These bonds and notes payable provide resources to implement its statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Bonds payable at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:									
1989-1999 Issues	1989-1999	3.30-6.70%	2018-2032	\$ -	\$ 262,355	\$ -	\$ 8,310	\$ 254,045	\$ 21,920
Less: Bond Discounts				-	800	-	34	766	
Total Bonds Payable Net of Discounts				<u>\$ -</u>	<u>\$ 261,555</u>	<u>\$ -</u>	<u>\$ 8,276</u>	<u>\$ 253,279</u>	

The following table presents estimated annual debt service requirements for bonds payable outstanding at June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	2012-2016	2017-2021	2022-2026	2027-2031	2032-2036	Total
Revenue Bonds Payable:												
1989-1999 Issues												
Principal and Interest	\$ 31,575	\$ 19,913	\$ 19,093	\$ 19,194	\$ 17,834	\$ 94,683	\$ 85,563	\$ 34,815	\$ 18,400	\$ 18,762	\$ 543	\$ 360,375
Less: Interest	9,655	9,163	8,748	8,324	7,939	32,373	16,548	7,955	4,185	1,437	3	106,330
Total Principal	<u>\$ 21,920</u>	<u>\$ 10,750</u>	<u>\$ 10,345</u>	<u>\$ 10,870</u>	<u>\$ 9,895</u>	<u>\$ 62,310</u>	<u>\$ 69,015</u>	<u>\$ 26,860</u>	<u>\$ 14,215</u>	<u>\$ 17,325</u>	<u>\$ 540</u>	<u>\$ 254,045</u>

Notes payable at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Loan Programs	2001	3.15-4.00%	2005	<u>\$ 8,825</u>	\$ 3,485	\$ 8,825	\$ 3,485	\$ 8,825	\$ 3,035
Less: Note Discounts (Premiums)					7	13	15	5	
Total Notes Payable Net of Discounts (Premiums)					<u>\$ 3,478</u>	<u>\$ 8,812</u>	<u>\$ 3,470</u>	<u>\$ 8,820</u>	

The following table presents estimated annual debt service requirements for notes payable outstanding at June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	Total
Loan Programs Principal and Interest	\$ 3,313	\$ 3,463	\$ 1,438	\$ 1,153	\$ 9,367
Less: Interest	278	163	73	28	542
Total Principal	<u>\$ 3,035</u>	<u>\$ 3,300</u>	<u>\$ 1,365</u>	<u>\$ 1,125</u>	<u>\$ 8,825</u>

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The arbitrage rebate liability is recorded as other liabilities. The amount at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Other Noncurrent Liabilities	2,185	913	81	3,017	-

This amount will be liquidated by the reporting enterprise fund. There are no scheduled future debt service requirements beyond one year.

Note 11. Long-Term Obligations - Component Units

Bonds payable at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Authorized Unissued	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from User Fees:									
Industrial Finance Authority	1987-2000	3.90-10.00%	2022	\$ 24,893	\$ 73,786	\$ -	\$ 8,553	\$ 65,233	\$ 1,121
Higher Education	1996-1999	4.00-6.70%	2006	-	20,880	-	5,005	15,875	5,005
Revenue Bonds Payable from User Fees:									
Student Loan Authority	1992-2001	2.75-6.70%	2031	-	165,745	161,570	3,665	323,650	3,345
Development Finance Auth.	1996	4.70%	2006	-	9,999	-	-	9,999	-
Environmental Finance Auth.	1977	5.90%	2007	-	1,000	-	-	1,000	-
Housing Finance Agency	1987-2000	3.30-9.00%	2031	43,542	534,663	233,707	195,442	572,928	40,849
Transportation Authority	1989-1998	3.15-7.88%	2028	-	1,315,363	-	13,663	1,301,700	14,790
Grand River Dam Authority	1987-1995	4.00-8.00%	2013	-	913,530	-	45,115	868,415	47,360
Municipal Power Authority	1990-1994	2.75-6.75%	2028	-	370,925	-	8,050	362,875	8,445
Higher Education	1964-2001	3.00-12.00%	2028	239,000	249,325	55,025	10,885	293,465	11,163
Total Before Discounts/Deferrals				307,435	3,655,216	450,302	290,378	3,815,140	
Less: Bond Discounts				-	43,069	-	3,306	39,763	
Net Deferred Debits on Refundings				-	80,902	-	11,677	69,225	
Total Bonds Payable Net of Discounts/Deferrals				\$ 307,435	\$ 3,531,245	\$ 450,302	\$ 275,395	\$ 3,706,152	\$ 132,078

The following table presents annual principal and interest payments for bonds payable outstanding at June 30, 2001 (September 30, 2000, for Oklahoma Housing Finance Agency and December 31, 2000, for Oklahoma Transportation Authority and Grand River Dam Authority) (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	2012-2016	2017-2021	2022-2026	2027-2031	Total
General Obligation Bonds:											
Industrial Finance Authority	\$ 4,324	\$ 4,346	\$ 4,335	\$ 4,349	\$ 4,338	\$ 24,822	\$ 14,015	\$ 38,517	\$ 10,145	\$ -	\$ 109,191
Higher Education	5,651	5,448	5,246	469	449	-	-	-	-	-	17,263
Revenue Bonds:											
Student Loan Authority	15,136	14,527	13,682	18,925	13,459	61,121	58,804	75,558	83,685	255,502	610,399
Development Finance Auth.	470	470	470	470	10,351	-	-	-	-	-	12,231
Environmental Finance Auth.	59	59	59	59	59	1,089	-	-	-	-	1,384
Housing Finance Agency	82,607	55,795	52,685	48,879	47,934	206,510	164,319	195,169	137,609	247,805	1,239,312
Transportation Authority	86,610	86,608	90,132	93,018	92,998	499,726	508,997	511,810	352,183	151,910	2,473,992
Grand River Dam Authority	94,326	94,229	94,124	93,966	93,846	467,053	281,132	-	-	-	1,218,676
Municipal Power Authority	28,249	28,237	28,217	28,198	28,178	140,601	136,326	121,081	92,308	11,020	642,415
Higher Education	27,425	27,217	27,019	26,398	26,033	122,766	111,500	76,218	45,244	2,823	492,643
Total Principal and Interest	344,857	316,936	315,969	314,731	317,645	1,523,688	1,275,093	1,018,353	721,174	669,060	6,817,506
Less: Interest	212,779	204,205	195,226	187,239	180,367	780,812	558,430	387,973	218,891	76,444	3,002,366
Total Principal	\$ 132,078	\$ 112,731	\$ 120,743	\$ 127,492	\$ 137,278	\$ 742,876	\$ 716,663	\$ 630,380	\$ 502,283	\$ 592,616	\$ 3,815,140

A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has issued ten series of general obligation bonds. These bonds are issued for the funding of industrial finance loans to encourage business development within the state. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the State.

Rose State College Technical Area Education District and Tulsa Community College Area School District #18 have authorized and issued two series of general obligation bonds with an original issue amount of \$22,175,000. These bonds were issued for the financing of buildings, equipment, and related capital improvements. Ad valorem taxes levied upon taxable property within their respective districts have been pledged to retire these general obligation bonds.

B. Revenue Bonds

The **Oklahoma Student Loan Authority** (SLA) has issued thirteen series of revenue bonds. The bonds are issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution.

The **Oklahoma Development Finance Authority** (ODFA) has issued a revenue bond to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bond is payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy.

The **Oklahoma Housing Finance Agency** (OHFA) has issued 52 series of revenue bonds with an original issue amount of \$870,158,000. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multi family construction projects, and establish debt service reserves as required by the various trust indentures.

The **Oklahoma Transportation Authority** (OTA) has issued seven series of revenue bonds with an original issue amount of \$1,904,534,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the State's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. OTA's cumulative arbitrage rebate liability for the year ended December 31, 2000, is approximately \$7,770,000 and is recorded as other liabilities.

The **Grand River Dam Authority** (GRDA) has issued three series of revenue bonds with an original issue amount of \$2,091,030,000. The bonds were issued to advance refund all of GRDA's previously issued acquisition and construction indebtedness.

The **Oklahoma Municipal Power Authority** (OMPA) has issued five series of revenue bonds. The bonds are issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority.

Nineteen of the State's colleges and universities have authorized and issued 50 series of revenue bonds with an original issue amount of \$350,712,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

C. Defeased Bonds

In prior years, proprietary component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. The following defeased bonds were outstanding at June 30, 2001 (December 31, 2000 for OTA, GRDA, and OMPA) (expressed in thousands).

Revenue Bonds			
OTA	GRDA	OMPA	Higher Education
\$ 88,835	\$ 83,592	\$ 50,485	\$ 13,364

D. Notes Payable

Notes payable at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Multiple Injury Trust Fund	2000	7.00%	2030	\$ 38,800	\$ -	\$ 38,800	\$ -	\$ 38,800	\$ -
Student Loan Authority	1993-2000	3.00-4.92%	2025	163,035	135,825	49,065	85,455	99,435	-
Medical Technology and Research Authority	1995-1996	6.25-8.25%	2013	4,462	3,738	-	1,946	1,792	187
Higher Education	1994-2001	4.00-8.00%	2020	25,293	26,585	2,277	5,847	23,015	1,259
Total Notes Payable					<u>\$ 166,148</u>	<u>\$ 90,142</u>	<u>\$ 93,248</u>	<u>\$ 163,042</u>	<u>\$ 1,446</u>

The following table presents annual debt service requirements for notes payable outstanding at June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	2012-2016	2017-2021	2022-2026	2027-2031	Total
Multiple Injury Trust Fund	\$ 2,716	\$ 3,152	\$ 3,152	\$ 3,152	\$ 3,152	\$ 15,760	\$ 15,497	\$ 16,022	\$ 15,760	\$ 14,206	\$ 92,569
Student Loan Authority	4,031	63,767	1,168	1,168	1,168	14,409	4,307	4,307	32,195	-	126,520
Medical Technology and Research Authority	302	301	301	211	168	842	320	-	-	-	2,445
Higher Education	2,504	2,271	2,174	2,079	2,075	10,401	9,864	3,835	-	-	35,203
Total Principal and Interest	9,553	69,491	6,795	6,610	6,563	41,412	29,988	24,164	47,955	14,206	256,737
Less: Interest	8,107	6,342	5,044	4,939	4,841	21,660	17,421	13,529	9,699	2,113	93,695
Total Principal	<u>\$ 1,446</u>	<u>\$ 63,149</u>	<u>\$ 1,751</u>	<u>\$ 1,671</u>	<u>\$ 1,722</u>	<u>\$ 19,752</u>	<u>\$ 12,567</u>	<u>\$ 10,635</u>	<u>\$ 38,256</u>	<u>\$ 12,093</u>	<u>\$ 163,042</u>

During the fiscal year, **Multiple Injury Trust Fund** (MITF) entered into a loan agreement by which the **State Insurance Fund** provided MITF a loan of \$38,800,000, as permitted by statute. The note bears interest at a 7% rate and is payable over 30 years in quarterly installments subsequent to December 31, 2001, prior to which only quarterly interest payments are due. The note is collateralized by MITF revenues and any equity or other interests available to MITF.

Notes of the **Oklahoma Student Loan Authority** (OSLA) are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. OSLA's cumulative arbitrage rebate liability for the year ended June 30, 2001, is approximately \$891,000 and is recorded as other liabilities.

Notes of the **Medical Technology and Research Authority** are issued for the purpose of financing the construction of facilities and equipment and are secured by a mortgage, security interest in properties, and revenues.

Oklahoma State University and Carl Albert State College each entered into a note payable to fund the construction of facilities. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" moneys, and the facilities constructed secure the notes. Oklahoma State University also entered into note payables for the purchase of equipment and facilities. The equipment and facilities purchased are pledged as collateral on the note. Oklahoma Panhandle State University entered into a note payable for the purchase of accounting software and computer equipment. University of Oklahoma issued a mortgage payable to secure the financing of two buildings used by the University.

E. Capital Leases

The Higher Education Component Unit has entered into agreements with unrelated parties as well as agreements with the Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. During prior fiscal years, the capital lease agreements the Higher Education Component Unit entered into with OCIA totaled \$45,674,000. Such agreements are included with capital lease obligations.

Capital lease obligations at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
University Hospitals Authority	\$ -	\$ 1,911	\$ 107	\$ 1,804	\$ 172
Higher Education	64,465	8,189	7,039	65,615	7,650
Total Capital Lease Obligations	<u>\$ 64,465</u>	<u>\$ 10,100</u>	<u>\$ 7,146</u>	<u>\$ 67,419</u>	<u>\$ 7,822</u>

The following presents future minimum lease payments as of June 30, 2001 (expressed in thousands).

	2002	2003	2004	2005	2006	2007-2011	2012-2016	2017-2021	Total
	\$ 10,671	\$ 9,985	\$ 8,158	\$ 7,340	\$ 5,687	\$ 24,548	\$ 18,870	\$ 10,453	\$ 95,712
Less: Interest									28,293
Present Value of Minimum Lease Payments									<u>\$ 67,419</u>

Leased equipment under capital leases in capital assets at June 30, 2001, included the following (expressed in thousands).

Facilities and Equipment	\$ 60,466
Less: Accumulated Depreciation	<u>11,307</u>
Net	<u>\$ 49,159</u>

F. Other Liabilities

Other liabilities at June 30, 2001, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Claims and Judgements	\$ 767,714	\$ 497,227	\$ 516,077	\$ 748,864	\$ 202,679
Compensated Absences	60,402	34,497	31,223	63,676	46,237
Other Noncurrent Liabilities	120,637	4,340	4,964	120,013	5,369

Compensated absences, claims and judgments, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include deferred revenue and other miscellaneous liability amounts. Compensated absences, claims and judgments, and other noncurrent liabilities do not have scheduled future debt service requirements beyond one year.

Note 12. Beginning Fund Balance/Net Assets Adjustments

The following schedules reconcile June 30, 2000, fund balance/net assets as previously reported, to beginning fund balance/net assets, as restated, to include the adoption of new pronouncements (expressed in thousands).

			Permanent		Enterprise		
	General	Capital Projects	Commissioners of the Land Office	Department of Wildlife Lifetime License	Employment Securities Commission	Water Resources Board	
June 30, 2000, fund balance/net assets, as previously reported	\$ 2,057,705	\$ 5,195	\$ -	\$ -	\$ -	\$ 208,106	
Prior period adjustments:							
Changes in accounting principle:							
Reclassification of funds	(4,296)	-	1,187,184	43,823	583,171	-	
Correction of errors	88,252	-	-	-	-	-	
June 30, 2000, fund balances/net assets, as restated	<u>\$ 2,141,661</u>	<u>\$ 5,195</u>	<u>\$ 1,187,184</u>	<u>\$ 43,823</u>	<u>\$ 583,171</u>	<u>\$ 208,106</u>	

	Fiduciary		Component Units				Component Units
	Pension Trust Funds	Investment Trust Fund	Trust and Agency	Governmental Unit	Proprietary Units	Higher Education	
June 30, 2000, fund balance/net assets, as previously reported	\$ 14,934,188	\$ -	\$ 1,874,529	\$ (31,902)	\$ 749,419	\$ 2,430,076	\$ -
Prior period adjustments:							
Changes in accounting principle:							
Adoption of depreciation for capital assets	-	-	-	-	-	(570,500)	-
Capitalization of infrastructure assets, net	-	-	-	-	-	2,025	-
Revenue and expense recognition	-	-	-	-	-	(10,000)	-
Reclassification of funds	54,943	5,408	(1,874,529)	31,902	(589,210)	(1,837,420)	2,399,024
Correction of errors	-	-	-	-	(160,209)	(14,181)	4,733
June 30, 2000, fund balances/net assets, as restated	<u>\$ 14,989,131</u>	<u>\$ 5,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,403,757</u>

Note 13. Nonrecourse Debt and Debt Guarantees

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of June 30, 2001, ODFA had 190 series of debt outstanding for non-state entities with an aggregate principal amount payable of approximately \$759,000,000 and original issuance amount of approximately \$850,000,000. As of September 30, 2000, OHFA had 54 series of single family bonds outstanding with an aggregate principal amount payable of approximately \$572,928,000 and 7 series of multi family bonds outstanding with an aggregate principal amount payable of approximately \$31,127,000. These financings are not the general obligations of the State or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the State has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA and OHFA's multi family bond programs have been excluded from the financial statements. The nonrecourse debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single family bond programs are liquidated are transferred to OHFA.

Credit Enhancement Reserve Fund

Under the Constitution of the State of Oklahoma, ODFA may issue bonds of the State, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of \$100,000,000 for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The Fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2001, there were approximately \$35,000,000 of outstanding financial obligations insured by ODFA. At year end, the Fund has accrued a reserve for losses of approximately \$51,000, to cover potential losses from outstanding financial obligations insured by the Fund. Through June 30, 2001, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since it is the intention of ODFA to utilize existing assets to meet obligations arising from losses reserved and accrued payments in lieu of interest by the Fund.

Note 14. Retirement and Pension Systems

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). These plans are all fiduciary component units of the State. The Department of Wildlife Conservation administers the Wildlife Conservation Retirement Plan (WCRP) which is part of the primary government. The Oklahoma Housing Finance Authority has a defined contribution plan that is privately administered.

A. Primary Government

1. General Description of the Retirement System

The Wildlife Conservation Retirement Plan (WCRP) is a single-employer defined benefit retirement system administered by the Wildlife Conservation Commission for employees of the Department of Wildlife Conservation. The WCRP provides retirement, disability and death benefits to plan members and their beneficiaries. The WCRP was established by statute, however, benefit provisions are established and amended by the Wildlife Conservation Commission. Cost-of-living adjustments are provided to members at the discretion of the Wildlife Conservation Commission.

The Wildlife Conservation Retirement Plan is included in the audit report of the Department of Wildlife Conservation. This report may be obtained from the Department of Wildlife Conservation, 1801 N. Lincoln, Oklahoma City, OK 73105.

2. Funding Policy

The Wildlife Conservation Retirement Plan required contribution is determined by the Wildlife Conservation Commission and is based on actuarial calculations.

The Wildlife Conservation Retirement Plan receives contributions from each member based on their annual covered salary. The contribution requirements are established and amended by the Wildlife Conservation Commission. For fiscal year 2001, the employee contribution rate was 3%. The Department of Wildlife Conservation is required to contribute at an actuarially determined rate. The required contribution for the year ended June 30, 2001 was \$833,000.

3. Annual Pension Cost and Net Pension Obligation

The current year annual pension cost and net pension obligation for the Wildlife Conservation Retirement Plan was as follows (expressed in thousands):

	WCRP
Annual required contribution	\$ 833
Interest on net pension obligation	145
Adjustment to annual required contribution	(280)
Annual pension cost	698
Contributions made	830
Increase (decrease) in net pension obligation	(132)
Net pension obligation-beginning of year	1,818
Net pension obligation-end of year	\$ 1,686
Actuarial Assumptions:	
Investment rate of return	8.0%
Annual salary increase	5.0%
COLA increase	2.0%
Inflation rate	3.0%
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years

The annual required contribution for the WCRP for the current year was determined as part of the July 1, 2000 actuarial valuation. Actual contributions equaled 99.6% of required contributions for fiscal year 2001. The actuarial value of assets is set equal to the market value of assets.

Three-Year Trend Information Wildlife Conservation Retirement Plan (expressed in thousands)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/01	\$ 698	119%	\$ 1,686
6/30/00	1,035	116%	1,818
6/30/99	990	121%	1,983

The following Required Supplementary Information for the Wildlife Conservation Retirement Plan was determined as part of the actuarial valuations at the dates indicated.

Schedule of Funding Progress Wildlife Conservation Retirement Plan (unaudited) (expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/01	\$ 53,717	\$ 53,459	\$ (258)	100.5%	\$ 11,721	(2.2%)
7/1/00	49,309	48,602	(707)	101.5%	11,508	(6.1%)
7/1/99	42,827	44,545	1,719	96.1%	11,318	15.2%

B. Fiduciary Component Units

1. General Description of the Retirement Systems

The Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Public Employees Retirement System (OPERS), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS) are all cost-sharing multi-employer defined benefit retirement systems. The Uniform Retirement System for Justices and Judges (URSJJ) and the Oklahoma Law Enforcement Retirement System (OLERS) are single-employer defined benefit retirement systems. Pension benefit provisions for all plans were established by statute and benefit provisions are amended by the State Legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion of the State Legislature.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement 4545 N. Lincoln Blvd., Suite 265 Oklahoma City, OK 73105-3414	Law Enforcement Retirement 4545 N. Lincoln Blvd., Suite 257 Oklahoma City, OK 73105-3414	Police Pension and Retirement 1001 N.W. 63rd St., Suite 605 Oklahoma City, OK 73116-7339
Public Employees Retirement 6601 N. Broadway Ext., Suite 129 Oklahoma City, OK 73152-3007	Uniform Retirement System for Justices and Judges 6601 N. Broadway Ext., Suite 129 Oklahoma City, OK 73152-3007	Teachers' Retirement System 2801 N. Lincoln Blvd. Oklahoma City, OK 73105-4209

The number of participating employers in cost-sharing multiple employer plans is as follows:

OFPRS	OPERS	OPPRS	TRS
505	134	117	627

During fiscal year 2001, the Teachers' Retirement System's unfunded liability increased from \$4,636,000,000 to \$5,632,000,000. This increase was primarily the result of an automatic 1.0% cost of living increase assumption. Despite the systems results this year, it should be noted that unfunded liabilities are expected to increase until the year 2044, due to negative amortization created by the current funding schedule.

2. Funding Policy

The contribution requirements for the six PERS are an established rate determined by the State Legislature each year and are not based on actuarial calculations. The Uniform Retirement System for Judges and Justices Board has the ability to adjust contribution rates to prevent a funded ratio of less than 100%.

Oklahoma Firefighters Pension and Retirement System (OFPRS) receives contributions from participating full-time firefighters equal to 8% of applicable earnings, while member cities contribute 13% of the member's applicable earnings. In addition, the member cities contribute \$60 for each volunteer firefighter unless their income in the general fund is less than \$25,000, in which case they are exempt. The State allocates to OFPRS 34% of the insurance premium tax collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 2001, 2000, and 1999 totaled \$45,364,000, \$42,118,000, and \$40,897,000, respectively.

Oklahoma Law Enforcement Retirement System (OLERS) receives contributions from state agencies and members of 10% and 8%, respectively, of the actual paid base salary of each member. State employer contributions to the plan for the years ended June 30, 2001, 2000, and 1999 were \$5,188,000, \$4,878,000, and \$4,267,000, respectively. These contributions represent 100% of the contribution required. OLERS also receives 1.2% of all fees, taxes, and penalties collected by motor license agents after approximately the first 5%, and 5% of the insurance premium taxes collected by

the insurance commissioner as required by statute. The state contributions to the plan for years ended June 30, 2001, 2000, and 1999 totaled \$14,368,000, \$14,967,000, and \$13,977,000, respectively.

Oklahoma Public Employees Retirement System (OPERS) receives contributions from each member based on their gross salary earned (excluding overtime). There is no cap on qualifying gross salary earned, subject to Internal Revenue Service limitations on compensation.

State, County, and Local Agency Employees - The following contribution rates were in effect during fiscal year 2001:

State employees and agencies – State employees contribute 3.0% on the first \$25,000 of salary and 3.5% on salary above \$25,000. State agency employers contribute 10% of total salary.

Participating county and local agencies – Employees contribute a minimum of 3.5% up to a maximum of 8.5% of salary. Employers contribute a minimum of 5% up to a maximum of 10%. Combined employee and employer contributions equal 13.5% of total salary.

Elected Officials - Elected officials' employee contributions are based on the maximum compensation levels set for all members and the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0%, or 10.0%.

Eligible Officers - Eligible officers contribute 8% of total salary. Employers contribute 10% of total salary.

State agency employer contributions to OPERS for the years ended June 30, 2001, 2000, and 1999 were \$112,629,000, \$107,996,000, and \$128,528,000, respectively. These contributions represent 100% of the contribution required.

Uniform Retirement System for Justices and Judges (URSJJ) member contributions for fiscal year 2001 are 5% of members' monthly salary. For fiscal year 2001, each married member in the plan must provide for spouse survivor benefits at the contributory rate of 8% unless the member's spouse waives this benefit. State statutes require participating court employers to contribute monthly a percentage of the gross salaries of active members. The percentages established for the year ended June 30, 2001 were 15.27% for the first 6 months and 2% for the remainder of the year. For the year ended June 30, 2000 the percentage was 14.89%.

Oklahoma Police Pension and Retirement System (OPPRS) receives contributions from each participating municipality and each participant. Until July 1, 1991, each municipality contributed 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 0.5% per year and continued until July 1, 1996, when the contribution level reached 13%, where it remains. Each participant of OPPRS contributes 8% of actual paid base salary. In addition, the State allocates 14% of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 2001, 2000, and 1999 totaled \$18,638,000, \$17,342,000, and \$16,841,000, respectively.

Teachers' Retirement System (TRS) receives contributions from participating members and employers. All active members contribute to the system; however, the employer may elect to make all or part of the contribution for its employees. All members must contribute 7% of regular annual compensation, not to exceed the members maximum compensation. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the following table summarizes the maximum compensation level.

<u>Fiscal Year</u>	<u>For Members Who Elected the \$25,000 Limit Prior to June, 30 1995</u>	<u>For All Other Members</u>
2000	47,500	64,000
2001	52,500	69,000
2002	57,500	74,000

Maximum compensation levels will increase by \$5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered.

Employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate of 5.8% for fiscal year 2001 is applied to annual compensation up to defined caps depending upon the member's elections as previously described. The rate will increase to 6.8% beginning July 1, 2001. The rate will increase to 7.05% beginning July 1, 2002 and remain there for subsequent years. In addition, Oklahoma statutes require the state to contribute 3.54% of the State's sales, income and use tax. TRS received contributions of approximately \$140,925,000 from this source for fiscal year 2001. State contributions on behalf of employees totaled approximately \$34,692,000 for fiscal year 2001. Federal contributions to TRS for fiscal year 2001 totaled approximately \$14,406,000. State employer contributions to TRS for the year ended June 30, 2001, 2000, and 1999 were \$3,607,000, \$2,814,000, and \$2,489,000, respectively. These contributions represent 100% of the contributions required.

3. Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation (excess funding is represented as negative amounts) for the current year were as follows (expressed in thousands):

	OLERS	URSJJ
Annual required contribution	\$ 4,145	\$ 1,110
Interest on net pension obligation	(4,899)	(1,198)
Adjustment to annual required contribution	<u>11,324</u>	<u>1,347</u>
Annual pension cost	10,570	1,259
Contributions made	<u>19,421</u>	<u>1,886</u>
Increase (decrease) in net pension obligation	(8,851)	(627)
Net pension obligation-beginning of year	<u>(69,985)</u>	<u>(15,974)</u>
Net pension obligation-end of year	<u>\$ (78,836)</u>	<u>\$ (16,601)</u>
Actuarial Assumptions:		
Investment rate of return	7.5%	7.5%
Annual salary increase	5.9 - 8.8%	5.5%
COLA increase	3.0%	2.0%
Inflation rate	3.0%	3.0%
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	20 years	27 years

The annual required contribution for URSJJ for the current year was determined as part of the July 1, 2000 actuarial valuation. For the period July 1, 1994, through July 1, 1999, the aggregate actuarial cost method was used to determine cost. Effective July 1, 2000, URSJJ adopted the entry age normal method for determining cost. Contributions exceeded required contributions for the current year.

The annual required contribution for OLERS for the current year was determined as part of the July 1, 2000 actuarial valuation. Costs were prepared using the entry age normal method for all valuation dates except July 1, 1997, when the unfunded actuarial liability was negative and the actuarial cost method was changed to the aggregate cost method. The entry age normal method was used for all valuations subsequent to the 1997 valuation, including the current year. Contributions exceeded required contributions for the current year.

For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date, assuming a 7.5% rate of return for URSJJ and 7.5% rate of return for OLERS. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date.

Three-Year Trend Information

(expressed in thousands)

	Fiscal Year <u>Ending</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage Of APC Contributed <u>Contributed</u>	Net Pension Obligation <u>Obligation</u>
Oklahoma Law Enforcement Retirement System	6/30/01	\$ 10,570	184%	\$ (78,836)
	6/30/00	11,131	177%	(69,985)
	6/30/99	12,522	144%	(61,445)
Uniform Retirement System for Justices and Judges	6/30/01	1,259	150%	(16,601)
	6/30/00	895	358%	(15,974)
	6/30/99	368	843%	(13,668)

The following Required Supplementary Information for OLERS and URSJJ was determined as part of the actuarial valuations at the dates indicated. The Required Supplementary Information is not supplied for URSJJ prior to the July 1, 2000 valuation since contributions were determined under the aggregate cost method which does not identify or separately amortize unfunded actuarial accrued liabilities.

Schedules of Funding Progress

Oklahoma Law Enforcement Retirement System

(unaudited)

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/01	\$ 538,328	\$ 508,443	\$ (29,885)	105.9%	\$ 50,756	(58.9%)
7/1/00	495,093	457,404	(37,689)	108.2%	47,638	(79.1%)
7/1/99	442,565	425,908	(16,657)	103.9%	44,738	(37.2%)

Uniform Retirement System for Judges and Justices

(unaudited)

(expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/01	\$ 184,909	\$ 139,157	\$ (45,752)	132.9%	\$ 23,808	(192.2%)
7/1/00	169,693	128,020	(41,673)	132.6%	22,295	(186.9%)

4. Other Retirement Systems

The Oklahoma Housing Finance Agency (OHFA), a component unit of the State, contributes to the Oklahoma Housing Finance Agency Retirement Plan, which is a defined contribution plan. Under its provisions, no new employees are allowed to join the plan after June 30, 1997. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The current contribution rate is 10% of eligible employees compensation. Employees

begin vesting after two years of service and become fully vested after six years of service. Plan provisions were established and may be amended by the Board of Trustees.

In addition to the TRS, various institutions in the Higher Education Component Unit participate in other pension plans, primarily the Teachers Insurance and Annuity Association. These plans are defined contribution plans. Contributions made by participating institutions are based on a percentage of payroll for qualified employees as determined by each institution's contract. For those institutions providing these plans, the total covered payroll was \$584,607,000. The institution contributions were \$44,319,000 or 7.6% of covered payroll. Employees are not required to contribute to the plans.

Several institutions in the Higher Education Component Unit also sponsor supplemental retirement annuities to guarantee eligible retirees a minimum level of benefits from other retirement sources. New employees are not eligible to participate in these plans. These annuities operate as defined benefit plans. Funding varies among institutions, with some funding based on actuarial calculations and others on a pay-as-you-go basis. Employees are not required to contribute to these plans.

Note 15. Other Postemployment Benefits

Primary Government

In addition to the pension benefits described in the Retirement and Pension Systems note, the State provides post-retirement health care benefits (OPEB). The Department of Wildlife Conservation pays the Medicare supplement insurance premium or \$75 per month, whichever is less, for all retirees of the Wildlife Conservation Retirement Plan who elect coverage at the time of retirement through the Oklahoma State and Education Employees Group Insurance Board.

	<u>Current Year Expenditures</u>	<u>Eligible Participants</u>	<u>Enabling Legislation</u>
Department of Wildlife Conservation	\$ 65,000	80	Title 29, 3-306

The Department of Wildlife Conservation funds postemployment health care benefits on a pay-as-you-go basis as part of the overall retirement benefit. No separation of pension obligation and health insurance obligation is made and assets are not allocated between obligations.

Component Units

Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), and Uniform Retirement System for Judges and Justices (URSJJ) pay the Medicare supplement insurance premium or \$105 per month, whichever is less, for all retirees who elect coverage at time of retirement through the Oklahoma State and Education Employees Group Insurance Board. Teachers' Retirement System of Oklahoma (TRS) pays between \$100 and \$105 per month for each retiree, depending on the member's years of service.

	<u>Current Year Expenditures</u>	<u>Eligible Participants</u>	<u>Enabling Legislation</u>
OLERS	\$ 524,000	402	Title 74, 1316.2
OPERS	16,828,000	13,543	Title 74, 1316.2
URSJJ	112,000	90	Title 74, 1316.2
TRS	29,160,000	24,708	Title 74, 1316.2

OLERS, OPERS, URSJJ, and TRS fund postemployment health care benefits on a pay-as-you-go basis as part of the overall retirement benefit. No separation of pension obligation and health insurance obligation is made and assets are not allocated between obligations. The Retirement and Pension Systems note includes additional basic disclosures related to OPEB.

Oklahoma Firefighters Pension and Retirement System and Oklahoma Police Pension and Retirement System do not provide other postemployment benefits.

Seventeen of the institutions included in the Higher Education Component Unit offer postemployment benefits upon the authorization of the institution's Board of Regents. These benefits primarily provide health, dental and life insurance benefits. The eligibility requirements differ depending on the higher education institution. Current year benefit expenditures, funded on a pay-as-you-go basis, totaled approximately \$3,639,000 for the estimated 2,142 eligible participants.

Note 16. On-Behalf Payments

In 1999, legislation was passed to modify the funding source for on-behalf payments to the Teachers' Retirement System (TRS). Prior to July 1, 1999, the State's on-behalf contributions to TRS came from a portion of the dedicated natural and casinghead gas tax. Effective July 1, 1999, the State's on-behalf contributions to TRS are 3.54% of the revenue generated by the State's sales, use and income taxes. Total on-behalf contributions made to TRS were \$140,925,000 for the year ended June 30, 2001.

Note 17. Commitments

Primary Government

The **Department of Transportation** had contractual commitments at June 30, 2001, of approximately \$836,395,000 for construction of various highway projects. Future appropriations will fund these commitments as work is performed.

The **Department of Human Services** (DHS) maintains a construction unit which engages in capital improvements of state buildings. At year end, DHS had long-term projects totaling \$33,036,000 for the General Fund.

Component Units

The **Oklahoma Industrial Finance Authority** (OIFA) had outstanding loan commitments at June 30, 2001, approved by its Board of Directors totaling \$2,000,000. These loan agreements include a "pending clause" which states that money would be disbursed upon availability of funds.

The **Oklahoma Student Loan Authority** (OSLA) has entered into various forward purchase and sale commitment agreements with certain Oklahoma financial institutions for which it performs interim status loan servicing. Under these forward purchase and sale commitments, OSLA is required to purchase Federal Family Education Loans (FFEL) under certain terms and conditions. As of June 30, 2001, OSLA was committed to purchase approximately \$60,400,000 of FFEL.

The **Oklahoma Transportation Authority** (OTA) had commitments outstanding at December 31, 2000, relating to equipment orders and supplies of approximately \$1,332,000. At December 31, 2000, OTA had commitments outstanding relating to construction and maintenance contracts of approximately \$124,200,000.

The **Oklahoma Municipal Power Authority** (OMPA) purchased approximately \$12,700,000 of power pursuant to several long-term purchase agreements during 2000. OMPA is obligated to purchase, at a minimum, approximately \$13,300,000 of power in 2001.

Under the bond resolutions, OMPA has covenanted that it will establish and collect rents, rates, and charges under the Power Sales Contracts and will charge and collect rents, rates, and charges for the use or sale of the output, capacity or service of its system. This revenue and other available revenues, are expected to yield net revenues for the 12 month period commencing with the effective date of such rents, rates, and charges equal to at least 110% of the aggregate debt service for such period. This revenue and other available funds will enable OMPA to discharge all other indebtedness, charges, and liens payable under the resolutions.

Note 18. Litigation and Contingencies

The State and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State, but remained unpaid as of June 30, 2001. Including the \$7,427,000 claim incurred by the Component Units discussed below, the State has accrued a liability of \$15,862,000 for the payment of such claims. This amount is reported in the General Fund.

The State receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2001, the State is unable to estimate what liabilities may result from such audits.

Primary Government

The **Department of Transportation** (DOT) has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, 82% of the amount held in suspense will be reimbursed. At June 30, 2001, DOT had project expenditures totaling \$3,060,000 of which an estimated \$2,509,000 will be reimbursed pending approval of the Federal Government.

The **Oklahoma Water Resources Board** (Board), pursuant to statute, assumed the obligations of the Oklahoma Water Conservation Storage Commission including a 1974 contractual obligation to repay the United States (through the Army Corps of Engineers) for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments are to be made for the reservoir construction, operation, and maintenance allocated to the present use water supply storage. Total unaudited construction costs of the Sardis Reservoir allocated to water supply storage are approximately \$38,400,000. Payments on the reservoir began in 1983 and are to continue for 50 years. As of June 30, 2001, the State has made payments of approximately \$4,416,000; however, the Board did not receive legislative authorization to pay the annual payments due in the fiscal years 1989 through 1995. The amount in arrears, including interest and penalty is approximately \$9,332,000. The Army Corps of Engineers has indicated that the obligation may be declared in default and remedies sought.

Component Units

The State Legislature enacted legislation that transferred \$31,500,000 of state employee insurance premiums during fiscal year 1997 to the **Oklahoma State Regents for Higher Education** to help fund higher education in the state. These premiums were originally designated to be paid to the **Oklahoma State and Education Employees Group Insurance Board** to provide health insurance coverage for participating employees. In August 1998 the Federal Department of Health and Human Services Departmental Appeals Board sided with the federal government and ordered the State to pay \$7,427,000 which represents the amount included in grant costs charged to the federal government. This balance accrues simple interest at a rate of 13.75%, and \$3,892,000 in interest has accrued through June 30, 2001. A liability for principal and interest is recorded in the General Fund. The State is continuing to pursue alternatives for resolution of this claim.

The **Oklahoma Capital Investment Board** (OCIB), as a public trust of the State of Oklahoma, has authority to transfer tax credits to public entities. Tax credits can be transferred by OCIB in conjunction with a legitimate call on an OCIB guarantee. OCIB has guaranteed a \$30,000,000 line of credit for a third-party corporation in order to mobilize investment in business ventures by use of qualified risk capital pools. As of June 30, 2001, the outstanding debt in connection with the line of credit was approximately \$14,253,000. Another \$1,200,000 of tax credit purchase commitments secures short term financing for third-party operations related this financing system.

The credits and OCIB's right to transfer the credits expire if not utilized by July 1, 2015. As of June 30, 2001, no credits had been transferred. However, four entities have signed agreements to purchase up to an aggregate of \$8,000,000 per year, at the sole discretion of OCIB. OCIB has authority to issue up to \$20,000,000 of tax credits per year with an overall maximum of \$100,000,000.

Note 19. Subsequent Events

Component Units

The **State Insurance Fund** (SIF) has advanced the **Multiple Injury Trust Fund** (MITF) \$4,000,000 in loan proceeds through February 28, 2001.

In February 2001, the **Oklahoma Municipal Power Authority** (the Authority) priced \$45,000,000 of Power Supply Revenue Bonds, Series 2001A. Additionally, the Authority approved the issuance of \$25,575,000 of Power Supply System Revenue Bonds, Series 2001B. The closing of the transactions occurred on March 1, 2001. The proceeds from the bond issuances are to be used by the Authority to fund the \$70,000,000 purchase of an undivided interest in a generation facility currently under construction.

In September 2001, the **University of Oklahoma** Board of Regents approved the issuance of a \$65,000,000 bond issue for athletic facilities expansion. The bonds were to be marketed the week of December 17, 2001 and expected to close early in 2002.

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Required Supplementary Information

Required Supplementary Information

Budgetary Comparison Schedule

Budget to Actual (Non-GAAP Budgetary Basis)

General Fund

For the Fiscal Year Ended June 30, 2001
(expressed in thousands)

	Budgetary General Fund			Variance with
	Original	Final	Actual Amounts	Final Budget
Revenues				
Taxes	\$ 4,476,895	\$ 4,476,895	\$ 4,714,113	\$ 237,218
Licenses, Permits and Fees	46,603	46,603	46,368	(235)
Interest and Investment Revenue	103,550	103,550	135,873	32,323
Local Receipts and Reimbursements	29,958	29,958	28,990	(968)
Other	102,797	102,797	18,313	(84,484)
Total Revenues	4,759,803	4,759,803	4,943,657	183,854
Expenditures				
Education	132,963	147,239	135,541	(11,698)
General Government	140,004	141,314	133,785	(7,529)
Health Services	184,662	184,983	181,804	(3,179)
Legal and Judiciary	113,321	113,850	109,469	(4,381)
Museums	9,232	10,925	10,777	(148)
Natural Resources	71,936	75,300	74,487	(813)
Public Safety and Defense	475,183	500,699	496,825	(3,874)
Regulatory Services	25,670	25,670	25,022	(648)
Social Services	129,298	160,373	158,306	(2,067)
Total Expenditures	1,282,269	1,360,353	1,326,016	(34,337)
Revenues in Excess of Expenditures	3,477,534	3,399,450	3,617,641	218,191
Other Financing Sources (Uses)				
Transfers In	76,944	76,944	501,434	424,490
Transfers Out	(1,321,863)	(1,321,863)	(1,321,863)	0
Intra Agency Transfers to Continuing Funds	(2,691,322)	(2,691,322)	(2,691,322)	0
Total Other Financing Sources (Uses)	(3,936,241)	(3,936,241)	(3,511,751)	424,490
Revenue and Other Sources in Excess of Expenditures and Other Uses	(458,707)	(536,791)	105,890	642,681
Budgetary Fund Balance - Beginning of Year	850,058	850,058	850,058	0
Budgetary Fund Balance - End of Year	\$ 391,351	\$ 313,267	\$ 955,948	\$ 642,681

The Notes to Required Supplementary Information are an integral part of this statement.

Note to Required Supplementary Information - Budgetary Reporting

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

The Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis) presents comparisons of the original and final legally adopted budget with actual data on a budgetary basis.

Certain appropriations are transferred to continuing funds for expenditure. Unexpended amounts so transferred may then be rebudgeted in subsequent fiscal years. These transfers are not included in the total expenditures on the Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis), but are reported as a separate item under Other Financing Uses. Presented below are transfers to continuing funds by function of government within the General Fund and a reconciliation to the Schedule of Expenditures and Intra-Agency Transfers as presented following the Notes in the Required Supplementary Information (expressed in thousands):

Education	\$ 1,582,908
General Government	5,270
Health Services	23,438
Legal and Judiciary	2,463
Museums	250
Natural Resources	6,280
Public Safety and Defense	-
Regulatory Services	-
Social Services	759,525
Transportation	311,187
Total Transfers to Continuing Funds	<u>2,691,321</u>
Total Expenditures per Budgetary Comparison Schedule - Budget to Actual (Non-GAAP Budgetary Basis)	<u>1,326,016</u>
Total per Schedule of Expenditures and Intra-Agency Transfers as Presented in the Schedule of Expenditures and Intra-Agency Transfers-Detail Budget to Actual Comparison (Non-GAAP Budgetary Basis)	<u><u>\$ 4,017,337</u></u>

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resulting basis, perspective, and entity differences in the revenues in excess of (less than) expenditures and other financing sources (uses) between budgetary and GAAP presentations for the year ended June 30, 2001, is presented below (expressed in thousands) for the General Fund.

Budgetary Basis Fund Balance, June 30, 2000	\$ 850,058
Excess of total sources over total uses of financial resources (Budgetary Basis)	<u>105,890</u>
Budgetary Basis Fund Balance, June 30, 2001	955,948
Entity and Perspective Differences:	
Non-budgeted Funds and Capital Funds	1,849,125
Encumbrances	63,669
Basis Differences:	
Add: Net accrued revenues, related receivables, and deferred revenues	616,251
Less: Net accrued expenditures and related liabilities	<u>(1,181,238)</u>
GAAP Basis Fund Balance, June 30, 2001	<u><u>\$ 2,303,755</u></u>

Combining Financial Statements

Combining Financial Statements

FIDUCIARY FUNDS

Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, and/or other funds.

PENSION TRUST FUNDS

The Pension Trust Funds account for the transactions, assets, liabilities, and net assets held in a trustee capacity for the benefit of the Plan members.

WILDLIFE CONSERVATION RETIREMENT PLAN

This Plan is part of the primary government. The Plan accounts for transactions, assets, liabilities, and net assets available for payment of plan benefits to employees of the Department of Wildlife Conservation.

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that meet the definition of a component unit, but are presented with the fiduciary funds of the State:

OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105

The System provides retirement benefits for municipal firefighters in the State of Oklahoma.

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 257, Oklahoma City, Oklahoma 73105

The System provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152

The System administers the Oklahoma Public Employee Retirement Plan, which provides retirement benefits for state, county and local employees in the State of Oklahoma

UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152

The System provides retirement benefits for justices and judges in the State of Oklahoma.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM PROVIDES

1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116

The System provides retirement benefits for police officers employed by participating municipalities in the State of Oklahoma.

TEACHER'S RETIREMENT SYSTEM OF OKLAHOMA

P.O. Box 53524, Oklahoma City, Oklahoma 73105

The System provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions in the State of Oklahoma.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various moneys and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units, organizations, or individuals.

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) being held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that have been intercepted by the Tax Commission to be disbursed to claimants.

Funds Held in Escrow are moneys held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission as an escrow account for royalties due unlocated owners, (3) Workers' Compensation Claims Under Appeal contains money being held in trust for an injured worker whose claim is on appeal. This fund is maintained by the Workers' Compensation Court, (4) Unsettled Premium Tax Suits is an escrow account being maintained by the Oklahoma Insurance Department for the purpose of depositing protested taxes and/or fees imposed under Oklahoma law, (5) Other moneys accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts and sign deposits for motor vehicle inspection stations, (6) Money held in escrow by the Attorney General's Office for funds received as a result of litigation.

Assets Held for Beneficiaries are moneys maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs (OJA), Department of Human Services (DHS), the Department of Corrections (DOC), the Department of Veterans Affairs, and the Department of Mental Health, (2) DHS custodial parents from the collection from absent parents, and (3) DHS clients placed in agency custody.

Other is moneys accounted for (1) by the Employees' Benefit Council for payment of employee claims against SoonerFlex flexible spending accounts, (2) property distribution maintained by the Department of Central Services to account for federal surplus property transferred to the State's custody to be sold or donated to other governmental entities and/or specified nonprofit organizations and property seized by state organizations pending the outcome of legal proceedings, (3) deposits held by the Department of Central Services for bid process documents, (4) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, and (5) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and being returned to the accounts contributors.

Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2001
(expressed in thousands)

	Primary Government	Fiduciary Component Units						
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Total
Assets								
Cash/Cash Equivalents	\$ 0	\$ 40,548	\$ 21,186	\$ 141,176	\$ 3,878	\$ 53,928	\$ 237,179	\$ 497,895
Investments	50,344	1,271,309	508,577	4,682,594	172,999	1,192,261	5,827,444	13,705,528
Securities Lending Investments	0	80,454	50,419	656,803	27,625	46,975	909,809	1,772,085
Interest and Investment Revenue Receivable	0	3,779	2,925	27,595	1,263	4,750	35,683	75,995
Contributions Receivable:								
Employer	0	760	0	1,939	0	1,073	14,484	18,256
Employee	0	397	0	759	0	582	15,114	16,852
Other Contributions Receivable	0	707	2,001	0	0	4,669	14,972	22,349
Other Receivables	28	285	10	0	1	0	0	324
Due from Brokers	0	5,639	0	62,292	3,284	0	77,376	148,591
Due from Other Funds	0	1,159	170	0	0	477	0	1,806
Capital Assets, Net	0	71	103	429	0	0	383	986
Other Assets	0	0	0	111	0	0	0	111
Total Assets	50,372	1,405,108	585,391	5,573,698	209,050	1,304,715	7,132,444	16,260,778
Liabilities								
Accounts Payable	0	1,157	1,103	0	0	944	0	3,204
Securities Lending Payable	0	80,454	50,419	656,803	27,625	46,975	909,809	1,772,085
Due to Brokers	0	5,356	3,510	101,589	3,473	17,976	145,169	277,073
Due to Other Funds	0	0	2	9	0	0	1	12
Due to Component Units	0	0	0	0	0	0	6,786	6,786
Compensated Absences	0	63	0	0	0	59	200	322
Benefits in the Process of Payment	0	0	4,692	0	0	28,715	15,977	49,384
Other Liabilities	0	0	1,892	0	0	0	4,548	6,440
Total Liabilities	0	87,030	61,618	758,401	31,098	94,669	1,082,490	2,115,306
Fund Balance Reserved for Employees' Pension Benefits	\$ 50,372	\$ 1,318,078	\$ 523,773	\$ 4,815,297	\$ 177,952	\$ 1,210,046	\$ 6,049,954	\$ 14,145,472

Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
June 30, 2001
(expressed in thousands)

	Primary Government	Fiduciary Component Units						
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Total
Additions								
Contributions								
Employer Contributions	\$ 830	\$ 21,814	\$ 5,188	\$ 131,201	\$ 1,886	\$ 21,414	\$ 172,749	\$ 355,082
Employee Contributions	340	11,288	3,893	47,324	1,684	11,788	221,935	298,252
Other Contributions	0	45,364	14,368	0	0	18,638	155,332	233,702
Total Contributions	1,170	78,466	23,449	178,525	3,570	51,840	550,016	887,036
Investment Income								
Net Appreciation in Fair Value of Investments	(4,210)	(130,950)	(7,963)	(440,787)	(13,088)	(95,959)	(342,604)	(1,035,561)
Interest and Investment Revenue	0	29,230	22,911	175,677	7,951	34,676	255,340	525,785
	(4,210)	(101,720)	14,948	(265,110)	(5,137)	(61,283)	(87,264)	(509,776)
Less Investment Expenses	0	11,604	4,941	46,440	2,263	8,818	56,804	130,870
Net Investment Income	(4,210)	(113,324)	10,007	(311,550)	(7,400)	(70,101)	(144,068)	(640,646)
Total Additions	(3,040)	(34,858)	33,456	(133,025)	(3,830)	(18,261)	405,948	246,390
Deductions								
Administrative and General Expenses	356	904	802	2,825	74	1,350	3,472	9,783
Benefit Payments and Refunds	1,175	89,518	24,599	294,628	5,057	62,218	603,071	1,080,266
Total Deductions	1,531	90,422	25,401	297,453	5,131	63,568	606,543	1,090,049
Net Increase (Decrease)	(4,571)	(125,280)	8,055	(430,478)	(8,961)	(81,829)	(200,595)	(843,659)
Fund Balance Reserved for Employees' Pension Benefits								
Beginning of Year	54,943	1,443,358	515,718	5,245,775	186,913	1,291,875	6,250,549	14,989,131
End of Year	\$ 50,372	\$ 1,318,078	\$ 523,773	\$ 4,815,297	\$ 177,952	\$ 1,210,046	\$ 6,049,954	\$ 14,145,472

Combining Statement of Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2001

(expressed in thousands)

	Taxes Held For Outside Entities	Funds Held In Escrow	Assets Held For Beneficiaries	Other	Total
Assets					
Cash/Cash Equivalents	\$ 122,037	\$ 6,898	\$ 15,890	\$ 4,866	\$ 149,691
Accounts Receivable	1	0	12	289	302
Interest Receivable	359	11	16	0	386
Taxes Receivable	7	0	0	0	7
Due from Other Funds	0	0	0	764	764
Due from Component Units	0	0	0	0	0
Inventory	0	0	0	3,797	3,797
Total Assets	<u>\$ 122,404</u>	<u>\$ 6,909</u>	<u>\$ 15,918</u>	<u>\$ 9,716</u>	<u>\$ 154,947</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 0	\$ 45	\$ 999	\$ 0	\$ 1,044
Tax Refunds Payable	5,292	0	0	0	5,292
Due to Other Funds	3	100	0	0	103
Due to Component Units	0	0	0	3,549	3,549
Due to Others	117,109	6,764	14,919	6,167	144,959
Total Liabilities	<u>\$ 122,404</u>	<u>\$ 6,909</u>	<u>\$ 15,918</u>	<u>\$ 9,716</u>	<u>\$ 154,947</u>

Combining Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2001
(expressed in thousands)

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	\$ 127,183	\$ 1,912,613	\$ 1,917,759	\$ 122,037
Accounts Receivable	3	1	3	1
Interest Receivable	726	359	726	359
Taxes Receivable	18	7	18	7
Total Assets	<u>\$ 127,930</u>	<u>\$ 1,912,980</u>	<u>\$ 1,918,506</u>	<u>\$ 122,404</u>
Liabilities				
Tax Refunds Payable	\$ 6,850	\$ 5,292	\$ 6,850	\$ 5,292
Due to Other Funds	0	3	0	3
Due to Others	121,080	1,907,685	1,911,656	117,109
Total Liabilities	<u>\$ 127,930</u>	<u>\$ 1,912,980</u>	<u>\$ 1,918,506</u>	<u>\$ 122,404</u>
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	\$ 6,637	\$ 3,845	\$ 3,584	\$ 6,898
Interest Receivable	18	11	18	11
Total Assets	<u>\$ 6,655</u>	<u>\$ 3,856</u>	<u>\$ 3,602</u>	<u>\$ 6,909</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 0	\$ 45	\$ 0	\$ 45
Due to Other Funds	0	100	0	100
Due to Others	6,655	3,711	3,602	6,764
Total Liabilities	<u>\$ 6,655</u>	<u>\$ 3,856</u>	<u>\$ 3,602</u>	<u>\$ 6,909</u>
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	\$ 19,126	\$ 169,668	\$ 172,904	\$ 15,890
Accounts Receivable	5	12	5	12
Interest Receivable	35	16	35	16
Inventory	1,707	0	1,707	0
Total Assets	<u>\$ 20,873</u>	<u>\$ 169,696</u>	<u>\$ 174,651</u>	<u>\$ 15,918</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 6	\$ 999	\$ 6	\$ 999
Due to Others	20,867	168,697	174,645	14,919
Total Liabilities	<u>\$ 20,873</u>	<u>\$ 169,696</u>	<u>\$ 174,651</u>	<u>\$ 15,918</u>
Other				
Assets				
Cash/Cash Equivalents	\$ 9,082	\$ 151,253	\$ 155,469	\$ 4,866
Accounts Receivable	42	289	42	289
Due from Other Funds	448	764	448	764
Due from Component Units	213	0	213	0
Inventory	2,940	3,587	2,730	3,797
Total Assets	<u>\$ 12,725</u>	<u>\$ 155,893</u>	<u>\$ 158,902</u>	<u>\$ 9,716</u>
Liabilities				
Due to Component Units	\$ 0	\$ 3,549	\$ 0	\$ 3,549
Due to Others	12,725	152,344	158,902	6,167
Total Liabilities	<u>\$ 12,725</u>	<u>\$ 155,893</u>	<u>\$ 158,902</u>	<u>\$ 9,716</u>
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	\$ 162,028	\$ 2,237,379	\$ 2,249,716	\$ 149,691
Accounts Receivable	50	302	50	302
Interest Receivable	779	386	779	386
Taxes Receivable	18	7	18	7
Due from Other Funds	448	764	448	764
Due from Component Units	213	0	213	0
Inventory	4,647	3,587	4,437	3,797
Total Assets	<u>\$ 168,183</u>	<u>\$ 2,242,425</u>	<u>\$ 2,255,661</u>	<u>\$ 154,947</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 6	\$ 1,044	\$ 6	\$ 1,044
Tax Refunds Payable	6,850	5,292	6,850	5,292
Due to Other Funds	0	103	0	103
Due to Component Units	0	3,549	0	3,549
Due to Others	161,327	2,232,437	2,248,805	144,959
Total Liabilities	<u>\$ 168,183</u>	<u>\$ 2,242,425</u>	<u>\$ 2,255,661</u>	<u>\$ 154,947</u>

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NONMAJOR COMPONENT UNITS

The State of Oklahoma has nine nonmajor component units which are described below:

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY

P.O. Box 14190, Oklahoma City, Oklahoma 73113

The Authority provides educational television services to all Oklahoma citizens on a coordinated statewide basis.

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. The loans are financed by issuance of general obligation bonds.

HEALTH INSURANCE HIGH RISK POOL

3814 N. Santa Fe, Oklahoma City, Oklahoma 73118

The Pool provides health insurance to individuals who are unable to obtain coverage from independent insurers. The Pool is financed by assessments levied on independent insurers.

MULTIPLE INJURY TRUST FUND

P.O. Box 528801, Oklahoma City, Oklahoma 73152

The Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

UNIVERSITY HOSPITALS AUTHORITY

940 N.E. 13th Street, Oklahoma City, Oklahoma 73104

The Authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center. The University Hospital is financed primarily through patient service charges.

MEDICAL TECHNOLOGY AND RESEARCH AUTHORITY

1100 N. Lindsey, SCB 148, Oklahoma City, Oklahoma 73104

The Authority promotes and assists the development of medical technology and research benefiting the citizens of Oklahoma.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY

301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116

The Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA CAPITAL INVESTMENT BOARD

301 N.W. 63rd Street, Suite 520, Oklahoma City, Oklahoma 73116

The Authority assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy.

OKLAHOMA ENVIRONMENTAL FINANCE AUTHORITY

2809 N.W. Expressway, Suite 485, Oklahoma City, Oklahoma 73112

The Authority provides financing necessary or useful to abate, control, and reduce air and water pollution. The Authority obtains funds through the issuance of bonds and notes.

Combining Statement of Net Assets
NonMajor Component Units
June 30, 2001
(expressed in thousands)

	Oklahoma Educational Television Authority	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	Multiple Injury Trust Fund	University Hospitals Authority	Medical Technology and Research Authority	Oklahoma Development Finance Authority	Oklahoma Capital Investment Board	Oklahoma Environmental Finance Authority	Nonmajor Component Units Total
Assets										
Current Assets										
Cash/Cash Equivalents										
Unrestricted	\$ 354	\$ 73	\$ 1,584	\$ 439	\$ 40,511	\$ 350	\$ 2,776	\$ 39	\$ 15	\$ 46,141
Investments	0	5,069	0	0	38	0	6,472	0	46	11,625
Accounts Receivable	207	0	0	0	0	211	193	6,764	0	7,375
Interest and Investment										
Revenue Receivable	0	566	0	2	70	0	133	0	0	771
Notes Receivable	0	2,507	0	0	0	0	310	0	0	2,817
Due from Other Component Units	0	0	0	0	0	21	46	0	0	67
Due from Primary Government	0	0	0	176	2,302	5	19	0	0	2,502
Prepaid Items	0	0	0	0	5	6	0	0	0	11
Other Current Assets	0	0	0	0	77	0	0	0	0	77
Total Current Assets	561	8,215	1,584	617	43,003	593	9,949	6,803	61	71,386
Noncurrent Assets										
Cash/Cash Equivalents -										
Restricted	173	84	0	0	2,547	0	0	0	0	2,804
Investments - Restricted	0	126	0	0	378	0	0	0	0	504
Long-Term Investments	0	32,435	0	0	0	0	0	0	0	32,435
Leases Receivable	0	0	0	0	0	0	0	0	1,002	1,002
Long-Term Notes Receivable, Net	0	26,495	0	0	0	0	3,526	0	0	30,021
Capital Assets, Net	4,351	2	0	0	99,612	2,099	698	4	0	106,766
Other Noncurrent Assets										
Unrestricted	0	665	0	0	28,474	0	180	0	0	29,319
Restricted	0	0	0	0	37	0	0	0	0	37
Total Noncurrent Assets	4,524	59,807	0	0	131,048	2,099	4,404	4	1,002	202,888
Total Assets	\$ 5,085	\$ 68,022	\$ 1,584	\$ 617	\$ 174,051	\$ 2,692	\$ 14,353	\$ 6,807	\$ 1,063	\$ 274,274
Liabilities										
Liabilities										
Current Liabilities										
Accounts Payable and										
Accrued Liabilities	\$ 124	\$ 2	\$ 0	\$ 72	\$ 2,575	\$ 37	\$ 2	\$ 17	\$ 1	2,830
Claims and Judgments	0	0	0	15,916	0	0	0	0	0	15,916
Interest Payable	0	951	0	24,370	0	0	0	0	5	25,326
Due to Other Component Units	0	0	0	59	46	4	0	0	0	109
Due to Primary Government	5	0	0	0	25	12	0	0	0	42
Deferred Revenue	0	115	0	0	10	0	38	0	0	163
Capital Leases-Primary Govt.	0	0	0	0	172	0	0	0	0	172
Compensated Absences	130	62	0	0	1,567	51	0	0	0	1,810
Notes Payable	0	0	0	0	0	187	0	0	0	187
General Obligation Bonds	0	1,121	0	0	0	0	0	0	0	1,121
Total Current Liabilities	259	2,251	0	40,417	4,395	291	40	17	6	47,676
Noncurrent Liabilities										
Claims and Judgments	0	0	0	163,518	0	0	0	0	0	163,518
Capital Leases-Primary Govt.	0	0	0	0	1,632	0	0	0	0	1,632
Compensated Absences	90	0	0	0	0	0	0	0	0	90
Notes Payable	0	0	0	38,800	0	1,605	0	0	0	40,405
General Obligation Bonds	0	64,112	0	0	0	0	0	0	0	64,112
Revenue Bonds	0	0	0	0	0	0	9,999	0	997	10,996
Other Noncurrent Liabilities	0	28	0	0	68	497	347	0	0	940
Total Noncurrent Liabilities	90	64,140	0	202,318	1,700	2,102	10,346	0	997	281,693
Total Liabilities	349	66,391	0	242,735	6,095	2,393	10,386	17	1,003	329,369
Net Assets										
Invested in Capital Assets,										
Net of Related Debt	4,351	2	0	0	108,087	(190)	698	4	0	112,952
Restricted for:										
Debt Service	0	210	0	0	0	0	122	0	0	332
Other Special Purpose	0	0	0	0	633	0	0	0	0	633
Unrestricted	385	1,419	1,584	(242,118)	59,236	489	3,147	6,786	60	(169,012)
Total Net Assets	\$ 4,736	\$ 1,631	\$ 1,584	\$ (242,118)	\$ 167,956	\$ 299	\$ 3,967	\$ 6,790	\$ 60	\$ (55,095)

Combining Statement of Activities
NonMajor Component Units
June 30, 2001
(expressed in thousands)

		Program Revenues			General Revenue				
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue	Payments from		Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
					Primary Government				
Nonmajor Component Units:	Expenses								
Oklahoma Educational Television Authority	\$ 9,308	\$ 4,974	\$ 23	\$ (4,311)	\$ 3,696	\$ (615)	\$ 5,351	\$ 4,736	
Oklahoma Industrial Finance Authority	5,169	5,358	0	189	0	189	1,442	1,631	
Health Insurance High Risk Pool	15,355	15,518	0	163	0	163	1,421	1,584	
Multiple Injury Trust Fund	55,318	7,486	0	(47,832)	10,122	(37,710)	(204,408)	(242,118)	
University Hospitals Authority	79,336	43,877	0	(35,459)	38,698	3,239	164,717	167,956	
Medical Technology and Research Authority	3,135	2,771	0	(364)	0	(364)	663	299	
Oklahoma Development Finance Authority	1,341	1,599	0	258	0	258	3,709	3,967	
Oklahoma Capital Investment Board	372	3,484	0	3,112	0	3,112	3,678	6,790	
Oklahoma Environmental Finance Authority	64	62	0	(2)	0	(2)	62	60	
Total Nonmajor Component Units	\$ 169,398	\$ 85,129	\$ 23	\$ (84,246)	\$ 52,516	\$ (31,730)	\$ (23,365)	\$ (55,095)	

Combining Condensed Statement of Cash Flows
NonMajor Component Units
June 30, 2001
(expressed in thousands)

	Net Cash Provided (Used) by:				Net Increase	Cash and	Cash and
	Operating	Noncapital	Capital and		(Decrease)	Cash	Cash
	Activities	Financing	Related	Investing	in Cash and	Equivalents -	Equivalents -
		Activities	Financing	Activities	Cash	Beginning	End
			Activities		Equivalents	of Year	of Year
Nonmajor Component Units:							
Oklahoma Educational Television Authority	\$ (3,899)	\$ 3,990	\$ (153)	\$ -	\$ (62)	\$ 589	\$ 527
Oklahoma Industrial Finance Authority	154	(8,553)	-	8,303	(96)	253	157
Health Insurance High Risk Pool	49	-	-	114	163	1,421	1,584
Multiple Injury Trust Fund	(48,619)	48,922	-	42	345	94	439
University Hospitals Authority	(25,640)	38,596	(22,912)	2,761	(7,195)	50,253	43,058
Medical Technology and							
Research Authority	661	-	(574)	-	87	263	350
Oklahoma Development Finance Authority	497	-	(24)	1,422	1,895	881	2,776
Oklahoma Capital Investment Board	(8)	7	-	1	-	39	39
Oklahoma Environmental Finance Authority	(4)	-	-	2	(2)	17	15
Total Nonmajor Component Units	\$ (76,809)	\$ 82,962	\$ (23,663)	\$ 12,645	\$ (4,865)	\$ 53,810	\$ 48,945

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Other
Supplementary
Information –
Budgetary Detail

Other Supplementary Information – Budgetary Detail

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)

	GENERAL FUND			
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
EDUCATION				
State Arts Council				
1 Duties	\$ 4,106	\$ 4,106	\$ 3,363	\$ 743
1 Duties	100	100	95	5
2 Duties	50	50	50	0
11 FY'98 Carryover from Duties	51	51	0	51
Agency Total	4,307	4,307	3,508	799
Department of Education				
1 Fin. Support of Public School (1)	1,136,914	1,136,914	1,136,914	0
1 Fin. Support of Public School (1)	713	713	713	0
2 Fin. Support of Public School (1)	184	184	184	0
2 Psychometric Services (1)	887	887	887	0
3 Office of Accountability	258	258	249	9
4 Staff Development-Ardmore (1)	93	93	93	0
5 Staff Development-Bartlesville (1)	93	93	93	0
6 Staff Development-Lawton (1)	93	93	93	0
7 Staff Development-McAlester (1)	93	93	93	0
8 Staff Development-Norman (1)	93	93	93	0
9 Staff Development-Stillwater (1)	93	93	93	0
9 School Dist. Utility Assist. Program (1)	0	10,000	10,000	0
10 Staff Development-Woodward (1)	93	93	93	0
10 Education Leadership OK (1)	0	420	420	0
11 Staff Development-Read Suff Act (1)	5,356	5,356	5,356	0
12 Staff Development-Great Expect.	500	500	500	0
13 Staff Development-ADA (1)	5,311	5,311	5,311	0
14 AP Administrative Cost	55	55	16	39
15 Advanced Placement Incent. (2)	3,645	3,645	3,198	447
16 Teacher Consultant Stipends (1)	1,038	1,038	1,038	0
17 Teacher Retirement Credit	33,482	33,482	33,482	0
18 Certified Emp. Health Allow (1)	30,610	30,610	30,610	0
19 Support Personnel Health Allow (1)	42,070	42,070	42,070	0
20 School Lunch Matching (1)	3,599	3,599	3,599	0
21 School Lunch Programs (2)	3,191	3,191	3,189	2
22 Homebound Children (1)	1,193	1,193	1,193	0
23 Alter Education Program Eval	940	940	934	6
24 Alt. Ed. Arts ComponentI (1)	200	200	200	0
25 Alter Education Admin Costs	83	83	83	0
26 Alt. Ed. Competitive Grants (1)	2,265	2,265	2,265	0
27 Alt. & High Challenge Ed. (1)	17,861	17,861	17,861	0
28 Adult Ed. Matching (2)	1,812	1,812	1,777	35
29 Driver Ed. (1)	1,605	1,605	1,605	0

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2001
(expressed in thousands)
(continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
30 Early Intervention (1)	7,153	7,153	7,153	0
31 Hissom Compliance	191	191	161	30
32 Community Ed. Grants (1)	400	400	400	0
33 Community Education Consortium	25	25	22	3
34 Parent Training Program (1)	2,222	2,222	2,222	0
35 OPAT - Program Evaluation	16	16	16	0
36 OPAT - Public Housing Projects	125	125	125	0
37 OPAT - Technical Assistance	35	35	2	33
38 OPAT - Field Operations	62	62	61	1
39 Special Ed. Assist. (1)	1,084	1,084	1,084	0
40 School/Commun. Network/Arts'n Ed (1)	129	129	129	0
41 Education Leadership OK (1)	866	866	866	0
42 ICTE - Small School Coop. (1)	489	489	489	0
43 ICTE - Jane Brooks School Deaf (1)	56	56	56	0
44 ICTE - OK Science and Engin. Fair (1)	53	53	53	0
45 ICTE - Telecommunications Curr. (1)	405	405	405	0
46 ICTE - Small School Incent. (1)	300	300	300	0
47 Summer Arts Institute	300	300	300	0
48 AG in the classroom (1)	50	50	50	0
49 OK Ambassador of Teaching	30	30	7	23
50 Teacher Pay Raises (1)	157,871	157,871	157,871	0
51 Fin. Support of Public School (1)	7,900	7,900	7,900	0
52 Staff Development Great Exp.	250	250	250	0
53 Advanced Placement Incentive (1)	500	500	500	0
54 Certified Employee Health Allow (1)	2,446	2,446	2,446	0
55 Support Personnel Health Allow (1)	9,136	9,136	9,136	0
56 School Lunch Matching (1)	36	36	36	0
57 Adult Ed Matching (1)	500	500	500	0
58 Early Intervention (1)	629	629	629	0
59 Community Education Consortium	25	25	0	25
60 Parent Training Program (1)	500	452	452	0
61 Special Ed. Assist. (1)	100	100	100	0
62 ICTE - Small School Coop. (1)	25	25	25	0
63 ICTE Arts	40	40	40	0
64 Summer Arts Institute	175	175	0	175
65 Office of Accountability	12	12	0	12
66 VISION Project	500	500	306	194
67 Education Leadership OK (1)	400	400	400	0
68 Fin. Support of Public School (1)	6,637	6,637	6,637	0
69 FY'00 Carryover Office of Acct	20	20	20	0
69 Fin. Support of Public School (1)	1,000	1,000	1,000	0
70 DOE Admin & Suppt Functions	19,460	19,460	18,071	1,389
73 Admin & Support -Financial Acct.	203	203	201	2
74 2001 Nat'l Adult Literacy Svy	200	200	0	200

GENERAL FUND				
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
75 Admin & Suppt NAEP	48	48	46	2
76 Admin & Support -Eighth Grade Testing (1)	333	333	333	0
77 DOE Admin & Suppt Functions	262	262	0	262
78 DOE Admin & Suppt OKAGE	48	48	48	0
79 FY'00 Carryover Office of Acct	1	1	1	0
80 Public School Activities (2)	130	130	128	2
80 FY'00 Carryover AP Admin.	5	5	3	2
81 FY'00 Carryover AP Incentive	55	55	55	0
81 OK Ambassador of Teaching	8	8	2	6
82 PDI/Reading Inst. (1)	2,890	2,890	2,890	0
82 FY'00 Carryover School Lunch	5	5	5	0
83 Program Evaluation	0	3	3	0
83 FY'00 Carryover Alt. Educ. Eval	6	6	6	0
84 FY'00 Carryover Alt. Educ. Admin.	16	16	16	0
84 Public Housing Projects	0	25	25	0
85 Technical Assistance	0	7	0	7
85 FY'00 Carryover Hissom Compliance	2	2	2	0
86 FY'00 Carryover Comm Educ. Consort.	3	3	0	3
86 Field Operations	0	13	0	13
87 FY'00 Carryover OPAT Pub. Housing	19	19	18	1
88 FY'00 Carryover OPAT Tech Asst.	1	1	1	0
89 FY'00 Carryover OPAT Field Oper.	21	21	21	0
90 FY'00 Carryover Ambass. Of Teach.	37	37	0	37
90 Textbooks (1)	19,196	19,196	19,196	0
91 FY'00 Carryover Adult Educ.	3	3	3	0
91 Public School Activities (1)	4,606	4,606	4,606	0
92 FY'00 Carryover Admin. & Suppt.	1,232	1,232	1,231	1
93 FY'00 Carryover Admin. & Suppt.	1	1	1	0
94 FY'00 Carryover Financial Accting	3	3	3	0
Agency Total	1,545,910	1,556,330	1,553,369	2,961
Oklahoma Commission for Teacher Preparation				
1 Duties	1,605	1,605	1,457	148
2 Duties	725	725	681	44
11 FY'00 Carryover from Duties	175	175	175	0
Agency Total	2,505	2,505	2,313	192
Commission of the Land Office				
1 Duties	3,433	3,433	3,143	290
3 Duties	801	801	714	87
Agency Total	4,234	4,234	3,857	377
Department of Libraries				
1 Duties	6,710	6,711	6,681	30
2 Duties	100	100	100	0
3 Duties	150	150	150	0
11 FY'00 Carryover from Duties	61	61	61	0
12 FY'00 Carryover from Duties	0	0	0	0
Agency Total	7,021	7,022	6,992	30

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2001
(expressed in thousands)
(continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
Physician Manpower Training Commission				
1 Duties	4,755	4,755	4,744	11
2 Duties	400	400	400	0
Agency Total	5,155	5,155	5,144	11
Center for Advancement of Science and Technology				
1 Duties (2)	11,658	11,658	11,653	5
3 Transfer to Research Suppt Rev. (1)	500	500	500	0
11 FY'00 Carryover from Duties	28	28	28	0
13 FY'00 Carryover from Duties	17	17	17	0
Agency Total	12,203	12,203	12,198	5
Oklahoma School of Science and Mathematics				
1 Duties	4,713	4,713	4,284	429
1 FY'01 Supplemental - Duties	0	140	140	0
2 Duties	591	591	513	78
11 FY'00 Carryover from Duties	741	741	733	8
12 FY'00 Carryover from Pilot Out.	106	106	53	53
18 FY'00 Carryover from Adv. Sci. Math	88	88	80	8
Agency Total	6,239	6,379	5,803	576
Department of Career and Technology Education				
1 Teacher Pay Raises (1)	6,671	6,671	6,671	0
5 Training and Industry Program	0	2,400	145	2,255
6 Utility Assessment Program	0	500	500	0
7 Duties	0	815	815	0
8 Duties (2)	115,821	115,821	111,329	4,492
9 Duties (1)	2,332	2,332	2,332	0
10 Duties	200	200	200	0
12 FY'00 Carryover from Rapid Response	753	753	753	0
13 FY'00 Carryover from Aircraft Maint.	49	49	49	0
18 FY'00 Carryover from Duties	2,471	2,471	2,471	0
Agency Total	128,297	132,012	125,265	6,747
Education Total	1,715,871	1,730,147	1,718,449	11,698
GENERAL GOVERNMENT				
Office of State Finance				
1 Duties	8,617	8,617	7,210	1,407
11 FY'00 Carryover from Duties	1,290	1,290	1,290	0
Agency Total	9,907	9,907	8,500	1,407

GENERAL FUND				
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Capitol Improvement Authority				
1 State Facilities Revenue Bonds	11,600	11,600	11,600	0
Agency Total	11,600	11,600	11,600	0
Department of Commerce				
1 Duties (2)	19,760	19,760	18,774	986
2 Native American Auth. Fund (1)	500	500	500	0
3 SODA	401	401	401	0
4 COEDD	263	263	263	0
5 OK Quality Award Foundation	80	80	80	0
7 COEDD	217	217	217	0
8 SODA	650	650	650	0
9 Indian Nations Cncl. Of Govts.	50	50	48	2
10 EODD	900	900	900	0
11 FY'00 Carryover from duties	332	332	332	0
11 ASCOG	750	750	230	520
12 Duties	1,953	1,953	1,395	558
12 ACOG	50	50	50	0
13 Native American Cultural & Educ. Auth. (1)	0	254	254	0
13 OEDA	50	50	50	0
15 Southeastern OSU Small Bus Dev.	30	30	30	0
15 FY'00 Carryover from Duties	349	349	330	19
19 FY'00 Carryover from ASCOG	10	10	10	0
Agency Total	26,345	26,599	24,514	2,085
State Election Board				
1 Duties (2)	6,285	6,285	5,443	842
3 Expenses for Holding Elections	668	668	668	0
11 FY'00 Carryover from Duties	313	313	313	0
12 FY'00 Carryover from Holding Elections	1,147	1,147	1,147	0
13 FY'00 Carryover from Pre. Pref. Prim.	0	0	0	0
13 FY'00 Carryover from Duties	97	97	97	0
14 FY'00 Carryover from Holding Elections	161	161	161	0
20 FY'00 Carryover from Presid. Prim.	15	15	15	0
Agency Total	8,686	8,686	7,844	842
Ethics Commission				
1 Duties	458	458	458	0
2 Duties	50	50	0	50
11 FY'00 Carryover from Duties	1	1	1	0
Agency Total	509	509	459	50

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)
 (continued)

	GENERAL FUND			
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Merit Protection Commission				
1 Duties	589	589	580	9
2 Duties	6	6	6	0
11 FY'00 Carryover from Duties	48	48	48	0
12 FY'00 Carryover from Duties	10	10	10	0
Agency Total	653	653	644	9
State Auditor and Inspector				
1 Duties	5,497	5,497	5,497	0
2 County Govt Personnel Ed Trning	534	534	534	0
3 County Govt Computer Systems	45	45	45	0
Agency Total	6,076	6,076	6,076	0
Governor				
1 Duties	2,440	2,440	2,230	210
2 Secretary of Educ. and Expenses	200	200	131	69
3 Secretary of Veterans Affairs	75	75	72	3
4 Mansion Expenses	58	58	58	0
11 FY'00 Carryover from Duties	154	154	154	0
12 FY'00 Carryover from Sec. Of Ed.	69	69	69	0
13 FY'00 Carryover from Vet. Aff.	2	2	2	0
Agency Total	2,998	2,998	2,716	282
Lieutenant Governor				
1 Duties	487	487	430	57
11 FY'00 Carryover from Duties	62	62	62	0
Agency Total	549	549	492	57
Office of Personnel Management				
1 Duties (2)	5,618	5,618	5,242	376
11 FY'00 Carryover from Duties	422	422	422	0
Agency Total	6,040	6,040	5,664	376
Department of Central Services				
1 Duties	8,257	8,257	6,546	1,711
1 Manville & Asbestos Abatement	1,164	1,164	1,114	50
2 Transfer to Bldg & Fac. Rev (1)	3,830	3,830	3,830	0
3 Veterans Memorial	5	5	4	1
4 Hissom Memorial Center Maintenance	193	193	164	29
5 Duties	0	1,056	1,056	0
5 Duties	10	10	0	10
6 OASIS Repairs and Maint.	20	20	0	20

GENERAL FUND				
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
7 Duties	50	50	0	50
11 FY'00 Carryover from Asbestos	431	431	431	0
11 FY'00 Carryover from Duties	678	678	678	0
13 FY'00 Carryover from Vet. Mem.	1	1	1	0
14 FY'00 Carryover from Hissom Ctr.	75	75	75	0
16 FY'00 Carryover from Duties	1	1	1	0
Agency Total	14,715	15,771	13,900	1,871
Secretary of State				
1 Duties	374	374	374	0
2 Office of Administrative Rules	130	130	130	0
3 Ballot Titles	10	10	0	10
13 FY'00 Carryover from Ballot Titles	10	10	9	1
Agency Total	524	524	513	11
Council on Judicial Complaints				
1 Duties	297	297	276	21
2 Duties	3	3	0	3
11 FY'00 Carryover from Duties	16	16	16	0
12 FY'00 Carryover from Duties	2	2	2	0
Agency Total	318	318	294	24
Oklahoma Tax Commission				
30 Duties	49,532	49,532	49,440	92
31 License & Tax Compliance Proj.	125	125	125	0
32 1099 Matching Compliance Proj.	682	682	682	0
33 Tape Matching Compliance Proj.	341	341	341	0
Agency Total	50,680	50,680	50,588	92
State Treasurer				
1 Duties	4,131	4,131	3,843	288
2 Bank Service Charges	958	958	958	0
2 Payments to counties (to revolving) (1)	98	98	98	0
3 Duties	30	30	0	30
4 Unclaimed Property Mgt. Prog.	43	43	43	0
5 Uncl. Prop. Mgt. Audit Capability	123	123	29	94
6 Unclaimed Property Mgt. Prog.	100	100	89	11
11 FY'00 Carryover from Duties	114	114	114	0
12 FY'00 Carryover from Bank Svc. Chg.	51	51	51	0
13 FY'00 Carryover from Duties	1	1	1	0
14 FY'00 Carryover from Duties	25	25	25	0
Agency Total	5,674	5,674	5,251	423
General Government Total	145,274	146,584	139,055	7,529

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)
 (continued)

	GENERAL FUND			
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
HEALTH SERVICES				
Department of Health				
1 Duties	37,751	37,751	36,479	1,272
2 Transfer to Eldercare Rev (1)	6,352	6,352	6,352	0
3 Duties	350	350	227	123
4 Margaret Hudson Program	43	43	43	0
4 Health Facilities Surveyors	0	200	37	163
5 Community Health Centers Inc.	198	198	198	0
6 Southeast Area Health Center	198	198	198	0
7 Morton Comp Health Services	387	387	387	0
8 Sickle Cell Research Found.	164	164	164	0
9 Emerson Teen Parent Program	135	135	135	0
10 Alzheimer's Research Council	55	55	55	0
11 Tolliver Alternative Care Center	47	47	47	0
12 Transfer to Child Abuse Prevention (1)	2,681	2,681	2,681	0
13 FY'00 Carryover from Duties	48	48	48	0
14 Konowa Community Health Center	225	225	225	0
15 Dental Progs Disabled/Elderly	135	135	135	0
19 High Risk Perinatal Direct Svc	2,501	2,501	2,500	1
20 Perinatal Continuing Education	230	230	230	0
21 Perinatal Demo Project	64	64	60	4
22 Transfer to Child Abuse Prevention (1)	300	300	300	0
23 Transfer to Kidney Health Rev. (1)	75	75	75	0
25 Oklahoma City Indian Clinic	75	75	75	0
27 Transfer to Child First Fund (1)	13,455	13,455	13,455	0
31 Transfer to Eldercare Rev (1)	126	126	126	0
32 Sickle Cell Research Found.	8	8	8	0
33 Transfer to Kidney Health Rev. (1)	50	50	50	0
34 Transfer to Child First Fund (1)	400	400	400	0
41 Dental Services for Disab./Elderly	15	15	15	0
42 Greenwood Educ. & Cultural Ctr	125	125	125	0
43 College of Osteopath Med Area	460	460	460	0
44 Metro Tulsa Urban League	65	65	65	0
45 North Tulsa Heritage Found	65	65	65	0
46 Dunjee All-School Assoc.	100	100	100	0
47 OUHSC Pediatric Endro Dept.	117	117	116	1
48 Alzheimer's Assoc. OK Chapter	10	10	10	0
50 Duties	505	505	468	37
Agency Total	67,515	67,715	66,114	1,601
Mental Health and Substance Abuse				
1 Duties	129,081	129,081	127,742	1,339
2 Duties	5,886	5,886	5,850	36
3 Duties	203	203	203	0
3 Eastern State PACT Team	440	440	440	0

GENERAL FUND				
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
4 Duties	0	121	121	0
4 Duties	461	461	386	75
11 FY'00 Carryover from Drug Court	9	9	9	0
11 FY'00 Carryover from Duties	3,086	3,086	3,082	4
12 FY'00 Carryover from East State	175	175	71	104
12 FY'00 Carryover from East State	1,149	1,149	1,129	20
13 FY'00 Carryover from Duties	9	9	9	0
21 FY'00 Carryover from Duties	86	86	86	0
Agency Total	140,585	140,706	139,128	1,578
Health Services Total	208,100	208,421	205,242	3,179
LEGAL AND JUDICIARY				
Indigent Defense System				
1 Duties (2)	13,742	13,742	13,141	601
2 Duties	193	193	193	0
3 Duties	60	60	60	0
11 FY'00 Carryover from Duties	1,562	1,562	1,562	0
12 FY'00 Carryover from Duties	311	311	311	0
Agency Total	15,868	15,868	15,267	601
Attorney General				
1 Duties	6,344	6,344	6,278	66
2 Public Employees Relations Bd	40	40	40	0
3 Duties	135	135	129	6
5 AG's Evidence Fund (1)	150	150	150	0
11 FY'00 Carryover from Duties	253	253	253	0
12 FY'00 Carryover from Pub Emp Rel	4	4	4	0
13 FY'00 Carryover from Duties	12	12	12	0
Agency Total	6,938	6,938	6,866	72
Court of Criminal Appeals				
1 Duties	2,638	2,638	2,547	91
2 Duties	82	82	82	0
11 FY'99 Carryover from Duties	121	121	119	2
Agency Total	2,841	2,841	2,748	93
District Courts				
1 Duties	21,407	21,407	20,771	636
1 Duties	10,006	10,006	9,495	511
2 Duties	450	450	450	0
2 Duties	6,912	6,912	6,739	173
3 Duties	79	79	79	0
11 FY'00 Carryover from Duties	880	880	880	0
20 FY'00 Carryover from Duties	30	30	30	0
Agency Total	39,764	39,764	38,444	1,320

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)

(continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
District Attorneys Council				
1 Duties	30,308	30,308	29,213	1,095
2 Duties	300	300	187	113
3 Witness Fees	380	380	380	0
3 Duties	200	200	140	60
4 DA's Council Evidence Fund (1)	25	25	25	0
11 FY'00 Carryover from Duties	1,318	1,318	1,290	28
Agency Total	32,531	32,531	31,235	1,296
Workers Compensation Court				
1 Duties	4,048	4,048	4,047	1
2 Duties	91	91	91	0
3 Duties	100	100	100	0
Agency Total	4,239	4,239	4,238	1
Supreme Court				
1 Duties	9,897	9,897	8,987	910
1 Duties	1,000	1,000	925	75
2 Legal Services Rev. Fund (1)	600	600	600	0
3 Supreme Court Rev. Fund (1)	900	900	900	0
3 Duties (1)	330	330	330	0
4 Duties	30	30	17	13
4 Duties	0	529	529	0
11 FY'00 Carryover from Duties	0	0	0	0
11 FY'00 Carryover from Duties	634	634	634	0
14 FY'00 Carryover from Duties	212	212	212	0
Agency Total	13,603	14,132	13,134	998
Legal and Judiciary Total	115,784	116,313	111,932	4,381
MUSEUMS				
Oklahoma Capitol Complex & Centennial				
1 Duties	340	340	340	0
Agency Total	340	340	340	0
J.M. Davis Memorial Commission				
1 Duties	392	392	391	1
Agency Total	392	392	391	1
Historical Society				
1 Duties	6,720	6,720	6,671	49
2 Duties	475	475	435	40
3 To Tulsa Race Riot Comm. Rev. Fd (1)	250	250	250	0

GENERAL FUND				
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
8 Duties	152	152	147	5
9 Duties	0	1,693	1,646	47
13 FY'00 Carryover from Operations	66	66	66	0
16 FY'00 Carryover from Hist. Pres. Ed.	182	182	182	0
Agency Total	7,845	9,538	9,397	141
Will Rogers Memorial Commission				
1 Duties	705	705	699	6
2 Duties	100	100	100	0
2 Duties	100	100	100	0
Agency Total	905	905	899	6
Museums Total	9,482	11,175	11,027	148
NATURAL RESOURCES				
Department of Agriculture				
1 Duties	19,622	19,622	19,572	50
2 Poultry Waste Mgt Plans	115	115	110	5
3 Duties	105	105	105	0
5 Duties (2)	358	358	343	15
6 Rural Fire 80/20 Match	1,303	1,303	1,303	0
7 Rural Fire Protection Training Programs (2)	256	256	254	2
8 Fire Ant Research	50	50	50	0
9 Rural Fire Dept Ops Grants	100	100	100	0
11 FY'00 Carryover from Duties	433	433	383	50
12 FY'00 Carryover from Duties	60	60	60	0
13 FY'00 Carryover from Rural Fire	171	171	171	0
15 Duties (2)	5,000	5,000	4,940	60
16 Duties	0	521	521	0
17 Rural Fire Dept Ops Grants	0	2,500	2,474	26
21 FY'00 Carryover Duties	81	81	81	0
Agency Total	27,654	30,675	30,467	208
Department of Environmental Quality				
1 Duties	7,451	7,451	7,359	92
11 FY'00 Carryover from Duties	322	322	322	0
Agency Total	7,773	7,773	7,681	92
Department of Tourism and Recreation				
1 Duties (2)	27,666	27,666	27,417	249
2 Duties (2)	317	317	205	112
7 Duties	1,229	1,229	1,229	0
8 Welcome Center Oper. and Maint.	250	250	250	0

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2001
(expressed in thousands)
(continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
9 Quartz Mt Oper. and Maint.	300	300	275	25
10 OK Today Memorial Issue	100	100	100	0
11 Duties	0	185	185	0
11 FY'00 Carryover from Duties	362	362	362	0
32 FY'00 Carryover from Resort Maint.	103	103	44	59
Agency Total	30,327	30,512	30,067	445
Conservation Commission				
1 Duties	7,447	7,447	7,436	11
2 Duties	50	50	50	0
2 Duties	25	25	25	0
3 Lincoln County Cons. Dist. Judgment (1)	0	158	158	0
Agency Total	7,522	7,680	7,669	11
Water Resources Board				
1 Duties	3,894	3,894	3,876	18
3 Duties	25	25	0	25
8 Weather Modification (1)	1,000	1,000	986	14
11 FY'00 Carryover from Duties	21	21	21	0
Agency Total	4,940	4,940	4,883	57
Natural Resources Total	78,216	81,580	80,767	813
PUBLIC SAFETY AND DEFENSE				
Oklahoma Military Department				
1 Duties	7,316	7,316	7,105	211
2 Duties	200	200	200	0
3 Duties	150	150	150	0
11 FY'00 Carryover from Duties	463	463	463	0
12 FY'00 Carryover from Duties	8	8	8	0
Agency Total	8,137	8,137	7,926	211
Alcoholic Beverage Laws Enforcement				
1 Duties	3,958	3,958	3,956	2
2 Duties	52	52	52	0
3 Duties	75	75	0	75
Agency Total	4,085	4,085	4,008	77
Department of Corrections				
4 Duties	0	7,000	7,000	0
5 FY'01 Suppl. - Duties	0	11,016	10,988	28
6 Duties	0	7,500	7,500	0
30 Duties	355,228	355,228	352,715	2,513

GENERAL FUND				
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
31 Duties	3,326	3,326	3,326	0
32 Community Sentencing Activities	4,500	4,500	4,373	127
33 Duties	500	500	500	0
34 O'Donoghue Rehab. Arch & Engin.	183	183	183	0
35 FY'00 Carryover from Duties	65	65	65	0
36 FY'00 Carryover from Enhance Med.	0	0	0	0
44 Reapp/redisg for Duties	517	517	517	0
Agency Total	364,319	389,835	387,167	2,668
Pardon and Parole Board				
1 Duties	1,906	1,906	1,903	3
2 Duties	96	96	96	0
11 FY'00 Carryover from Duties	33	33	33	0
Agency Total	2,035	2,035	2,032	3
State Bureau of Investigation				
1 Duties	10,355	10,355	10,289	66
2 Duties	595	595	595	0
13 FY'00 Carryover from Duties	257	257	257	0
Agency Total	11,207	11,207	11,141	66
Department of Civil Emergency				
1 Duties	762	762	762	0
11 FY'00 Carryover from Duties	3	3	2	1
12 FY'00 Carryover from Duties	22	22	18	4
Agency Total	787	787	782	5
State Fire Marshal				
1 Duties	1,750	1,750	1,749	1
2 Duties	65	65	65	0
Agency Total	1,815	1,815	1,814	1
Board of Medicolegal Investigation				
1 Duties	3,367	3,367	3,359	8
2 Duties	71	71	71	0
11 FY'00 Carryover from Duties	17	17	16	1
12 FY'00 Carryover from Duties	19	19	19	0
Agency Total	3,474	3,474	3,465	9

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)
 (continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
Council on Law Enforcement, Education and Training				
1 Duties	2,269	2,269	2,262	7
1 Duties	386	386	384	2
2 Duties	25	25	25	0
2 Duties	178	178	178	0
11 FY'00 Carryover from Duties	5	5	5	0
11 FY'00 Carryover from Duties	4	4	4	0
Agency Total	<u>2,867</u>	<u>2,867</u>	<u>2,858</u>	<u>9</u>
Bureau of Narcotics and Dangerous Drugs				
1 Duties	5,567	5,567	5,565	2
2 Duties	99	99	38	61
11 FY'00 Carryover from Duties	198	198	198	0
12 FY'00 Carryover from Duties	7	7	7	0
Agency Total	<u>5,871</u>	<u>5,871</u>	<u>5,808</u>	<u>63</u>
Department of Public Safety				
1 Duties	66,328	66,328	65,697	631
2 Duties	223	223	223	0
2 Duties	1,565	1,565	1,565	0
2 Motor Vehicles	1,500	1,500	1,500	0
3 Capitol Patrol Officer WC Ct.	26	26	26	0
11 FY'00 Carryover from Duties	944	944	813	131
Agency Total	<u>70,586</u>	<u>70,586</u>	<u>69,824</u>	<u>762</u>
Public Safety and Defense Totals	<u>475,183</u>	<u>500,699</u>	<u>496,825</u>	<u>3,874</u>
REGULATORY SERVICES				
State Banking Department				
1 Duties	2,819	2,819	2,767	52
2 Duties	300	300	300	0
Agency Total	<u>3,119</u>	<u>3,119</u>	<u>3,067</u>	<u>52</u>
Department of Mines				
1 Duties	557	557	557	0
2 Duties	350	350	350	0
3 Miner Training Institute	35	35	35	0
Agency Total	<u>942</u>	<u>942</u>	<u>942</u>	<u>0</u>
Corporation Commission				
1 Duties	9,574	9,574	9,523	51
2 Duties	200	200	200	0
11 FY'00 Carryover from Duties	57	57	57	0
Agency Total	<u>9,831</u>	<u>9,831</u>	<u>9,780</u>	<u>51</u>

GENERAL FUND				
	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE
Oklahoma Horse Racing Commission				
1 Duties	2,258	2,258	2,130	128
11 FY'00 Carryover from Duties	141	141	141	0
Agency Total	2,399	2,399	2,271	128
Insurance Department				
1 Duties	2,966	2,966	2,951	15
Agency Total	2,966	2,966	2,951	15
Department of Labor				
1 Duties	1,429	1,429	1,191	238
1 Duties	2,445	2,445	2,365	80
2 Duties	9	9	9	0
11 FY'00 Carryover from Duties	133	133	133	0
11 FY'00 Carryover from Duties	206	206	206	0
12 FY'00 Carryover from Jt. Shop Rev.	6	6	6	0
Agency Total	4,228	4,228	3,910	318
Liquefied Petroleum Gas Board				
1 Duties	443	443	396	47
2 Duties	16	16	0	16
11 FY'00 Carryover from Duties	45	45	45	0
12 FY'00 Carryover from Duties	7	7	7	0
Agency Total	511	511	448	63
Oklahoma Securities Commission				
1 Duties	704	704	704	0
11 FY'00 Carryover from Duties	1	1	0	1
Agency Total	705	705	704	1
Commission on Consumer Credit				
1 Duties	775	775	758	17
11 FY'00 Carryover from Duties	21	21	21	0
Agency Total	796	796	779	17
Board of Private Vocational School				
1 Duties	163	163	160	3
11 FY'00 Carryover from Duties	5	5	5	0
12 FY'00 Carryover from Duties	5	5	5	0
Agency Total	173	173	170	3
Regulatory Services Total	25,670	25,670	25,022	648

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
Budget to Actual Comparison (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2001
(expressed in thousands)
(continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
SOCIAL SERVICES				
Commission on Children and Youth				
10 Duties	1,604	1,604	1,589	15
20 Duties	176	176	175	1
40 FY'00 Carryover from Duties	105	105	105	0
Agency Total	1,885	1,885	1,869	16
Employment Security Commission				
2 Welfare to Work Match (2)	537	537	431	106
Agency Total	537	537	431	106
Office of Handicapped Concerns				
1 Duties	358	358	348	10
2 Duties	30	30	30	0
2 Duties	15	15	15	0
11 FY'00 Carryover from Duties	31	31	31	0
12 FY'00 Carryover from Duties	5	5	5	0
Agency Total	439	439	429	10
Oklahoma Human Rights Commission				
10 Duties	817	817	806	11
Agency Total	817	817	806	11
Oklahoma Indian Affairs Commission				
10 Duties	258	258	227	31
11 FY'00 Carryover from Duties	6	6	6	0
20 Duties	30	30	29	1
21 FY'00 Carryover from Duties	16	16	16	0
Agency Total	310	310	278	32
Office of Juvenile Affairs				
1 Duties	95,204	95,204	93,402	1,802
2 Delinq. & Youth Gang Intervention	1,400	1,400	1,346	54
3 Medium Secure Beds Union City	3,739	3,739	3,739	0
4 Duties	100	100	100	0
11 FY'00 Carryover from Duties	1,228	1,228	1,192	36
13 FY'00 Carryover from Delinq. & Youth	111	111	111	0
Agency Total	101,782	101,782	99,890	1,892

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
Department of Veteran Affairs				
1 Duties	0	635	635	0
1 Duties	22,791	22,791	22,791	0
Agency Total	22,791	23,426	23,426	0
Department of Human Services				
1 Duties (1)	353,841	353,841	353,841	0
3 Duties (1)	18,000	18,000	18,000	0
19 LIHEAP Asst. Prog. (1)	0	4,810	4,810	0
Agency Total	371,841	376,651	376,651	0
J.D. McCarty Center				
1 Duties (1)	0	545	545	0
10 Duties	2,070	2,070	2,070	0
Agency Total	2,070	2,615	2,615	0
Department of Rehabilitative Services				
1 Teacher Pay Raises (1)	291	291	291	0
2 Duties (1)	23,992	23,992	23,992	0
3 Duties (1)	0	714	714	0
Agency Total	24,283	24,997	24,997	0
Health Care Authority				
1 Duties (1)	289,149	289,149	289,149	0
2 Duties (1)	2,500	2,500	2,500	0
3 Duties (1)	30,000	30,000	30,000	0
4 Duties (1)	13,342	13,342	13,342	0
5 Duties (1)	0	19,905	19,905	0
6 Inc. ABD Cap. Rate - State Match (1)	0	1,023	1,023	0
Agency Total	334,991	355,919	355,919	0
University Hospitals Authority				
1 Duties	26,577	26,577	26,577	0
1 Duties	0	3,250	3,250	0
2 Duties	0	193	193	0
11 FY'00 Carryover from Duties	500	500	500	0
Agency Total	27,077	30,520	30,520	0
Social Services Total	888,823	919,898	917,831	2,067

(continued)

Schedule of Expenditures and Intra-Agency Transfers-Detail
 Budget to Actual Comparison (Non-GAAP Budgetary Basis)
 General Fund
 For the Fiscal Year Ended June 30, 2001
 (expressed in thousands)
 (continued)

	GENERAL FUND			
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
TRANSPORTATION				
Department of Transportation				
1 Highway Construction and Maintenance (1)	181,988	181,988	181,988	0
1 Highway Construction and Maintenance (1)	33,787	33,787	33,787	0
2 Highway Construction and Maintenance (1)	9,160	9,160	9,160	0
2 Highway Construction and Maintenance (1)	11,527	11,527	11,527	0
3 Highway Construction and Maintenance (1)	2,826	2,826	2,826	0
3 Highway Construction and Maintenance (1)	5	5	5	0
3 Highway Construction and Maintenance (1)	100	100	100	0
4 Highway Construction and Maintenance (1)	500	500	500	0
5 Highway Construction and Maintenance (1)	500	500	500	0
5 Highway Construction and Maintenance (1)	70,644	70,644	70,644	0
Agency Total	311,037	311,037	311,037	0
Oklahoma Space Industry Development Auth.				
1 Duties (1)	150	150	150	0
Agency Total	150	150	150	0
Transportation Total	311,187	311,187	311,187	0
General Fund Total	\$ 3,973,590	\$ 4,051,674	\$ 4,017,337	\$ 34,337

(1) Appropriation was transferred to a continuing fund for expenditure.

(2) Part of the appropriation was transferred to a continuing fund for expenditure.

STATISTICAL SECTION

STATISTICAL SECTION

**STATISTICAL SECTION
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CASH RECEIPTS AND DISBURSEMENTS

(For all fund types combined)

by Category

For the Fiscal Years Ended June 30, 1992 through June 30, 2001

	2001	2000	1999	1998
Cash Receipts by Source:				
Taxes	\$ 6,145,443,871	\$ 5,697,859,338	\$ 5,279,273,861	\$ 5,209,586,780
Licenses, Permits, and Fees	237,576,563	197,787,613	185,597,529	147,912,938
Fines, Forfeits, and Penalties	17,004,143	13,427,239	13,381,855	10,762,072
Income from Money and Property	453,233,546	463,728,654	558,450,738	263,652,251
Grants, Refunds, and Reimbursements	4,213,179,041	3,965,351,939	3,458,676,556	3,074,473,470
Higher Education	201,838,621	189,585,509	172,559,295	167,947,916
Sales and Services	723,065,417	665,567,542	461,333,974	502,450,334
Non-Revenue Receipts	<u>1,293,273,883</u>	<u>1,303,298,759</u>	<u>1,275,814,346</u>	<u>734,953,815</u>
Total Collections	<u>\$ 13,284,615,085</u>	<u>\$ 12,496,606,593</u>	<u>\$ 11,405,088,154</u>	<u>\$ 10,111,739,576</u>
Disbursements by Function of Government:				
Education	\$ 5,516,804,948	\$ 5,045,950,609	\$ 4,657,096,815	\$ 4,289,049,377
General Government	451,379,922	503,591,712	374,981,563	311,969,847
Health Services	386,517,118	370,899,258	360,805,473	342,167,860
Legal and Judiciary	165,394,050	159,108,855	150,131,046	138,160,259
Museums	16,399,214	12,153,175	18,490,854	9,229,910
Natural Resources	248,147,079	243,888,670	236,331,593	199,996,020
Public Safety and Defense	805,888,852	682,792,652	537,381,033	539,917,199
Regulatory Services	96,722,146	110,808,273	103,564,495	102,076,996
Social Services	3,672,860,018	3,192,318,483	2,992,584,466	2,798,134,462
Transportation	1,057,623,518	1,022,135,910	967,807,283	843,838,823
Other Local Apportionments	63,068,799	64,675,529	62,513,698	58,771,755
Sinking Fund Payments on Bonded Debt	<u>109,208,810</u>	<u>77,671,370</u>	<u>89,576,197</u>	<u>69,145,249</u>
Total Disbursements	<u>\$ 12,590,014,474</u>	<u>\$ 11,485,994,496</u>	<u>\$ 10,551,264,516</u>	<u>\$ 9,702,457,757</u>

Prepared on a cash basis to aid in budgetary analysis.

For years prior to FY 97, cash basis numbers did not include amounts expended from Agency Special Accounts. These moneys were not subject to the State's regular budgeting and expenditure processes.

	1997	1996	1995	1994	1993	1992
\$	4,951,517,415	\$ 4,533,832,681	\$ 4,292,825,694	\$ 4,171,399,330	\$ 4,004,262,875	\$ 3,767,112,946
	144,622,951	126,746,123	125,546,800	114,190,748	113,409,593	111,042,458
	9,603,493	9,712,974	12,922,896	12,713,597	11,975,799	6,980,944
	218,405,052	200,299,903	189,470,710	160,427,452	184,869,454	218,903,029
	2,598,674,805	2,664,011,649	2,342,091,497	2,230,459,216	2,149,710,999	2,144,771,088
	142,535,049	163,733,815	150,907,027	155,495,049	132,592,295	111,400,434
	405,156,027	349,726,346	353,614,351	350,148,435	396,832,644	383,543,021
	414,275,218	428,531,083	600,562,290	664,277,305	763,837,201	500,503,475
<u>\$</u>	<u>8,884,790,010</u>	<u>\$ 8,476,594,574</u>	<u>\$ 8,067,941,265</u>	<u>\$ 7,859,111,132</u>	<u>\$ 7,757,490,860</u>	<u>\$ 7,244,257,395</u>
\$	3,768,208,810	\$ 3,479,049,093	\$ 3,363,972,223	\$ 3,243,011,505	\$ 3,094,920,009	\$ 2,934,689,937
	285,182,151	258,065,326	232,779,824	217,894,423	230,095,993	222,111,235
	335,120,001	313,345,235	295,676,766	285,088,005	297,114,426	295,806,883
	118,916,855	107,889,849	103,062,230	98,207,598	96,169,096	89,485,986
	7,798,223	8,029,357	7,103,208	7,787,539	7,285,465	7,076,222
	191,578,397	174,284,377	165,215,892	145,877,414	131,516,482	126,076,211
	473,378,027	428,385,545	394,732,689	376,683,833	353,878,439	351,705,324
	102,733,288	99,065,119	94,526,541	93,424,312	85,222,082	74,985,759
	2,485,060,196	2,447,007,338	2,316,200,744	2,219,811,291	2,262,275,215	2,345,644,915
	774,131,933	776,979,475	680,440,719	649,409,416	634,285,372	641,074,879
	40,524,674	39,104,818	38,215,192	38,434,483	33,679,675	15,680,219
	49,468,807	42,485,191	48,670,759	47,876,004	41,946,165	42,543,878
<u>\$</u>	<u>8,632,101,362</u>	<u>\$ 8,173,690,723</u>	<u>\$ 7,740,596,787</u>	<u>\$ 7,423,505,823</u>	<u>\$ 7,268,388,419</u>	<u>\$ 7,146,881,448</u>

TAX COLLECTIONS

For the Fiscal Years Ended June 30, 1992 through June 30, 2001

Taxes	2001	2000	1999	1998
Aircraft Excise Tax	\$ 2,874,640	\$ -	\$ 289,157	\$ 1,756,312
Alcoholic Beverage Excise Tax	22,759,675	22,257,132	21,084,824	21,077,364
Alternative Fuel Surcharge	19,980	41,335	60,811	148,311
Beverage Tax	23,344,420	23,745,437	23,862,270	22,458,552
Bingo Tax	6,426,011	7,140,436	7,619,106	9,807,638
Charity Games Tax	746,544	793,283	811,912	785,001
Cigarette Tax	53,278,812	56,893,148	57,585,123	59,029,445
City Use Tax - Collect/Deposit	543,789	536,426	413,222	444,099
Coin Operated Device Decal	2,590,670	4,525,674	5,990,538	3,775,631
Conservation Excise Tax	-	-	10,664,825	-
Diesel Fuel Excise Tax	82,257,020	87,393,807	77,379,390	69,061,184
Documentary Stamp Tax	9,132,733	9,043,443	8,985,127	7,844,930
Franchise Tax	41,048,957	41,383,006	36,929,956	42,131,950
Freight Car Tax	1,010,115	923,602	977,251	973,689
Fuels Excise Tax	-	-	-	36,000
Gasoline Excise Tax	289,717,498	297,503,359	281,505,198	283,082,667
Gross Production Tax - Oil and Gas	701,139,734	386,974,956	206,621,486	333,773,839
Income Tax (Corporate and Individual)	2,446,585,980	2,328,650,691	2,257,760,243	2,107,857,522
Inheritance and Estate Tax	84,806,372	87,510,064	88,796,014	81,385,630
Insurance Premium Tax	139,078,186	127,982,702	118,589,471	121,582,595
Mixed Beverage Gross Receipts Tax	15,890,005	14,887,167	13,993,406	13,366,577
Occupational Health and Safety Tax	1,361,660	1,472,712	1,462,275	1,783,346
OESC Computer Fund Assessment	-	-	411,740	19,473,028
Pari-Mutuel Taxes	3,656,244	4,091,260	4,328,186	4,743,674
Pari-Mutuel Exotic Wager	-	-	-	-
Pari-Mutuel - Other Tax	47,146	27,648	37,586	39,075
Petroleum Excise Tax	9,931,903	5,630,909	3,583,533	4,722,738
Rural Electric Co-operative Tax	18,943,692	14,537,845	14,802,050	14,037,824
Sales Tax	1,441,969,864	1,351,844,381	1,292,153,052	1,245,355,208
Sales Tax - City	9,693,382	9,276,726	9,223,985	8,456,320
Sales Tax - County	1,085,283	932,079	845,115	892,807
Self-Insurance Premium Tax	-	-	-	-
Special Fuel Decal	391,918	407,115	436,048	462,007
Special Fuel Use Tax	35,792	59,639	58,782	63,764
Tag Agent Remittance Tax	583,443,087	645,340,468	571,984,678	582,199,329
Telephone Surcharge	1,094,612	1,080,869	1,054,221	1,058,214
Tobacco Products Tax	12,000,575	11,910,948	11,794,863	11,072,673
Tourism Gross Receipt Tax	4,247,288	3,997,956	3,901,958	3,744,091
Tribal Compact in Lieu of Tax Payments	8,378,506	8,060,703	8,381,324	7,484,832
Unclaimed Property Tax	9,316,354	9,873,481	17,495,526	6,120,039
Unclassified Tax Receipts	23,471	-	-	-
Use Tax	93,860,447	89,828,413	83,727,678	82,939,748
Vehicle Revenue Tax Stamps	45,459	47,195	45,507	43,837
Workers' Compensation Awards - Assessments	10,432,326	28,355,873	20,151,923	21,415,556
Workers' Compensation Insurance Premium Tax	4,798,611	4,591,448	4,837,972	5,503,954
Other Taxes	7,435,086	8,305,981	8,636,529	7,595,780
Total	<u>\$ 6,145,443,847</u>	<u>\$ 5,697,859,317</u>	<u>\$ 5,279,273,861</u>	<u>\$ 5,209,586,780</u>

Prepared on a cash basis to aid in budgetary analysis.

	1997		1996		1995		1994		1993		1992
\$	2,453,179	\$	1,681,776	\$	1,853,999	\$	1,402,816	\$	1,630,073	\$	1,778,536
	20,987,501		20,845,359		20,211,389		21,133,027		20,947,382		22,147,248
	166,328		182,018		133,284		198,749		170,892		98,846
	22,588,694		22,978,605		22,461,075		22,827,056		21,810,405		21,487,488
	12,289,463		12,359,983		11,816,705		10,883,377		5,026,496		-
	1,138,144		1,196,451		1,039,031		1,515,757		1,146,840		-
	59,748,356		60,527,991		58,332,155		58,251,171		60,456,532		60,339,722
	377,102		346,360		295,570		251,529		207,169		196,043
	2,436,631		3,814,318		3,404,098		3,972,441		4,071,043		3,377,121
	-		75,193		873,542		501,863		844,262		2,687,396
	66,156,283		76,058,267		62,902,742		56,987,746		53,640,018		51,035,710
	6,885,045		6,604,360		5,961,293		6,281,264		5,032,770		4,485,783
	37,983,444		36,264,543		36,721,223		32,817,309		34,341,621		33,900,715
	1,051,553		970,565		1,515,736		1,135,505		853,410		808,281
	539,333		1,494,378		1,460,982		1,456,769		1,379,576		1,344,661
	280,344,427		263,258,712		267,138,186		268,605,663		258,493,935		249,822,104
	398,743,724		315,549,773		301,524,689		367,736,133		404,905,673		342,177,274
	1,918,772,165		1,700,792,804		1,592,915,946		1,490,180,078		1,453,295,598		1,369,734,220
	80,513,845		67,881,873		68,789,242		58,052,250		50,943,472		46,962,269
	113,819,384		108,625,507		103,957,280		105,344,076		92,916,758		91,363,715
	12,618,051		12,018,242		11,395,625		11,338,883		11,176,891		11,345,355
	1,797,088		1,895,164		1,819,752		1,811,543		1,601,694		1,487,888
	-		-		-		-		-		-
	3,744,615		3,312,299		3,151,651		3,600,525		3,845,857		4,282,925
	-		-		-		3,535		66,612		2,189,171
	27,753		66,363		129,878		161,939		160,441		775,809
	5,306,110		4,279,030		4,072,789		5,086,869		5,409,358		4,641,228
	13,758,308		13,401,177		13,154,486		13,404,328		12,927,846		13,195,104
	1,193,727,537		1,135,594,213		1,076,970,533		1,033,687,832		957,681,580		909,604,940
	8,071,662		7,792,195		7,360,330		6,848,307		6,265,328		6,107,216
	771,848		615,674		632,306		297,025		236,598		224,793
	-		-		88,739		148,189		139,114		125,936
	497,380		558,653		594,524		650,516		665,844		567,501
	94,774		92,598		136,419		222,505		473,876		556,052
	541,334,368		516,519,709		490,213,416		472,071,427		428,320,724		408,854,360
	1,006,694		997,902		951,735		930,015		878,254		77,478
	11,198,865		11,256,079		11,303,560		10,622,404		9,664,544		9,010,579
	3,466,923		3,077,388		2,978,677		2,638,751		2,505,566		2,455,025
	6,888,623		6,172,567		4,829,309		3,790,436		1,787,138		-
	4,465,704		10,116,730		5,760,279		6,901,353		7,659,463		9,073,096
	-		-		98,332		75,339		28,477		48,838
	78,877,952		66,388,592		59,630,927		51,880,903		49,323,050		48,267,881
	45,005		44,800		41,592		41,555		38,138		36,187
	22,677,854		23,386,339		20,129,038		21,160,528		17,779,633		11,626,131
	6,037,222		7,245,625		7,042,702		6,880,624		6,550,637		5,396,592
	8,108,478		7,492,506		7,030,928		7,609,420		6,962,261		7,415,703
<u>\$</u>	<u>4,951,517,415</u>	<u>\$</u>	<u>4,533,832,681</u>	<u>\$</u>	<u>4,292,825,694</u>	<u>\$</u>	<u>4,171,399,330</u>	<u>\$</u>	<u>4,004,262,849</u>	<u>\$</u>	<u>3,761,112,920</u>

GROSS SALES TAX BY INDUSTRY

For the Fiscal Year Ended June 30, 2001

Industry	Gross Sales Tax
General Merchandise Stores	\$ 270,667,201
Food Stores	193,353,230
Eating and Drinking Establishments	140,664,994
Miscellaneous Retail Stores	111,377,813
Wholesale Trade-Durable Goods	106,985,369
Communications	100,619,593
Building Materials, Hardware, Garden Supply, and Mobile Home Dealers	88,623,271
Furniture, Home Furnishings, and Equipment Stores	87,918,225
Automotive Dealers and Gasoline Service Stations	52,878,231
Electric, Gas, and Sanitary Services	51,542,861
Business Services	49,827,159
Apparel and Accessory Stores	43,719,623
Wholesale Trade-Nondurable Goods	23,779,414
Hotels, Rooming Houses, Camps, and Other Lodging Places	21,143,915
Automotive Services	17,225,117
Non-Classifiable Establishments	11,581,143
Stone, Clay, Glass, and Concrete Products	11,080,446
Amusement and Recreation Services, except Motion Pictures	9,942,322
Personal Services	9,054,098
Motion Pictures	7,773,972
Machinery, except Electrical	6,113,842
Printing, Publishing, and Allied Industries	4,865,194
Fabricated Metal Products, except Machinery and Transportation Equipment	3,999,570
Electrical and Electronic Machinery, Equipment, and Supplies	3,729,713
Miscellaneous Repair Services	2,824,600
Oil and Gas Extraction	2,678,021
Measuring, Analyzing, and Controlling Instruments	2,580,271
Construction-Special Trade Contractors	2,343,896
Food and Kindred Products	1,530,740
Lumber and Wood Products, except Furniture	1,519,473
Health Services	1,307,744
Apparel and Other Finished Products made from Fabrics	1,141,398
Educational Services	1,132,487
Petroleum Refining and Related Industries	1,071,175
Membership Organizations	976,997
Transportation Equipment	961,479
Miscellaneous Manufacturing Industries	940,895
Chemicals and Allied Products	901,523
Agricultural Services	718,887
Furniture and Fixtures	671,363
Paper and Allied Products	640,850
Engineering, Architectural, and Surveying Services	622,857
Motor Freight Transportation & Warehousing	509,171
Credit Agencies other than Banks	496,923
Local and Suburban Transit and Interurban Highway Passenger Transportation	455,013
Rubber & Miscellaneous Plastics Products	414,651
Security & Commodity Brokers, Dealers, Exchanges and Services	340,241
Primary Metal Industries	316,553
Agricultural Production Crops	313,696
Other Industries	1,977,446
Total	<u>\$ 1,457,854,666</u>

Source: Oklahoma Tax Commission

BANK DEPOSITS

for the Years 1991 through 2000

<u>Year</u>	<u># of Banks</u>	<u>\$ Amount of Deposits</u>
2000	288	33,377,309,000
1999	302	31,001,952,000
1998	311	28,626,804,000
1997	320	27,782,228,000
1996	332	29,934,094,000
1995	342	28,686,783,000
1994	350	27,406,069,000
1993	371	26,881,835,000
1992	394	26,591,862,000
1991	411	24,745,757,000

Source: Federal Reserve Bank of Kansas City

For statistics presented after June 1996, comparisons to the prior years should take into account the effects of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

ASSESSED VALUATIONS

For the Years 1992 through 2001

	2001	2000	1999	1998
Real Estate and Improvements	\$ 11,340,263,937	\$ 10,722,526,412	\$ 10,076,211,556	\$ 9,547,705,065
Personal Property Subject to Tax	<u>2,886,537,179</u>	<u>2,720,503,512</u>	<u>2,555,384,708</u>	<u>2,448,630,626</u>
Total Locally Assessed	14,226,801,116	13,443,029,924	12,631,596,264	11,996,335,691
Homestead Exemptions Allowed	<u>763,469,848</u>	<u>761,529,031</u>	<u>756,613,438</u>	<u>752,780,195</u>
Net Assessed Locally	13,463,331,268	12,681,500,893	11,874,982,826	11,243,555,496
Public Service Assessment	<u>2,922,585,980</u>	<u>2,144,840,285</u>	<u>2,122,948,816</u>	<u>2,009,118,864</u>
Net Assessed Valuation	<u>\$ 16,385,917,248</u>	<u>\$ 14,826,341,178</u>	<u>\$ 13,997,931,642</u>	<u>\$ 13,252,674,360</u>

Locally assessed property has been assessed at varying rates. This property is valued, assessed, and taxed locally. Public Service property is valued and assessed at a central state level, and taxed and collected at the local level. The rate of assessment varies by type of property.

Source: Oklahoma Tax Commission

NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT

Annual Average Number of Employees

For the Years 1991 through 2000

INDUSTRY GROUP	2000	1999	1998	1997
Wholesale and Retail Trade	341,800	337,300	332,200	324,600
Services	424,700	416,300	404,200	379,000
Manufacturing	182,200	183,800	185,900	180,900
Local Government	161,700	158,700	156,200	153,700
State Government	78,500	78,500	77,100	77,900
Transportation and Public Utilities	85,300	82,200	82,000	79,100
Finance, Insurance, and Real Estate	73,400	72,800	72,000	69,500
Federal Government	47,900	45,400	44,900	44,700
Mining	28,800	28,600	31,900	32,100
Construction	<u>60,600</u>	<u>58,400</u>	<u>54,800</u>	<u>51,200</u>
Totals	<u>1,484,900</u>	<u>1,462,000</u>	<u>1,441,200</u>	<u>1,392,700</u>

Source: Oklahoma Employment Security Commission - Research and Planning Division

1997	1996	1995	1994	1993	1992
\$ 9,134,059,265	\$ 8,738,449,049	\$ 8,395,607,977	\$ 8,037,465,631	\$ 7,843,783,897	\$ 7,742,345,977
2,301,719,971	2,086,267,080	2,057,628,937	2,028,445,909	2,014,749,962	1,991,659,840
11,435,779,236	10,824,716,129	10,453,236,914	10,065,911,540	9,858,533,859	9,734,005,817
742,096,539	717,109,228	715,229,658	712,925,382	710,429,125	710,318,425
10,693,682,697	10,107,606,901	9,738,007,256	9,352,986,158	9,148,104,734	9,023,687,392
2,066,005,099	2,063,227,985	2,023,137,118	1,980,070,550	1,868,033,971	1,835,701,692
<u>\$ 12,759,687,796</u>	<u>\$ 12,170,834,886</u>	<u>\$ 11,761,144,374</u>	<u>\$ 11,333,056,708</u>	<u>\$ 11,016,138,705</u>	<u>\$ 10,859,389,084</u>

1996	1995	1994	1993	1992	1991
318,300	312,400	301,300	289,600	286,200	285,300
363,300	343,800	320,100	305,900	293,100	279,800
174,100	170,500	169,800	168,600	163,800	168,900
151,200	150,100	148,500	146,100	142,300	135,900
76,400	76,100	76,600	76,400	78,000	76,900
77,300	74,000	72,800	72,400	70,600	70,400
67,200	65,400	64,300	62,200	60,700	60,900
43,800	43,600	45,100	47,300	49,800	49,600
31,600	31,600	34,400	35,700	37,500	41,900
50,300	48,200	46,700	42,800	39,800	38,800
<u>1,353,500</u>	<u>1,315,700</u>	<u>1,279,600</u>	<u>1,247,000</u>	<u>1,221,800</u>	<u>1,208,400</u>

STATE COLLEGES AND UNIVERSITIES - PUBLIC

	Student Enrollment 2001
<u>Four Year Universities (Location)</u>	
University of Oklahoma (Norman Campus, Health Sciences Center, Law Center, and Geological Survey)	31,633
Oklahoma State University (Stillwater Campus, Tulsa Campus, School of Technical Training at Okmulgee, the College of Veterinary Medicine, the Oklahoma City Technical Institute, the Agricultural Experiment Station, the Agricultural Extension Division, and Oklahoma College of Osteopathic Medicine and Surgery)	35,562
University of Central Oklahoma (Edmond)	20,011
East Central University (Ada)	5,373
Northeastern State University (Tahlequah and Muskogee)	10,140
Northwestern Oklahoma State University (Alva, Woodward and Enid)	2,616
Southeastern Oklahoma State University (Durant)	4,694
Southwestern Oklahoma State University (Weatherford and Sayre)	6,007
Cameron University (Lawton)	7,199
Langston University (Langston)	5,448
Oklahoma Panhandle State University (Goodwell)	2,264
Rogers State University (Claremore)	3,869
University of Science and Arts of Oklahoma (Chickasha)	1,719
Total - Four Year Universities	136,535
<u>Two Year Junior Colleges (Location)</u>	
Carl Albert State College (Poteau and Sallisaw)	2,870
Connors State College (Warner and Muskogee)	2,691
Eastern Oklahoma State College (Wilburton and McAlester)	2,770
Redlands Community College (El Reno)	3,168
Murray State College (Tishomingo)	2,407
Northeastern Oklahoma A&M College (Miami)	2,813
Northern Oklahoma College (Tonkawa)	3,708
Oklahoma City Community College (Oklahoma City)	15,541
Rose State College (Midwest City)	11,177
Seminole State College (Seminole)	2,829
Tulsa Community College (Tulsa)	26,746
Western Oklahoma State College (Altus)	3,503
Total - Two Year Junior Colleges	80,223

Source: Oklahoma State Regents for Higher Education

STATE COLLEGES AND UNIVERSITIES - PRIVATE

<u>Higher Education Institutions (Location)</u>	<u>Student Enrollment 2001</u>
American Bible College and Seminary (Bethany)	526
Bacone College (Muskogee)	1874
Bartlesville Wesleyan College (Bartlesville)	1116
Hillsdale Freewill Baptist College (Moore)	355
Mid-America Bible College (Oklahoma City)	577
National Education Center: Spartan School of Aeronautics (Tulsa)	1,952
Oklahoma Baptist University (Shawnee)	2,174
Oklahoma Christian University of Science and Arts (Oklahoma City)	1,857
Oklahoma City University (Oklahoma City)	4,805
Oral Roberts University (Tulsa)	3,709
St. Gregory's College (Shawnee)	1094
Southern Nazarene University (Bethany)	2,534
Southwestern College of Christian Ministries (Bethany)	353
University of Tulsa (Tulsa)	7,259
Total	<u>30,185</u>

Source: Oklahoma State Regents for Higher Education

SCHOOL ENROLLMENTS

For the Years 1992 through 2001

<u>Public School Enrollments:</u>	2001	2000	1999	1998
Early Childhood	25,379	23,204	18,934	4,289
Kindergarten	45,879	46,084	47,487	55,669
Elementary School	263,126	262,778	266,733	268,215
Junior High School	123,545	126,432	129,226	131,547
Senior High School	176,527	177,099	175,782	173,160
Non-High School Districts (Grades 1-8)	18,209	17,937	18,484	18,236
Special Education (Ungraded)	3,561	3,373	3,695	3,359
Out-of-Home Placements	1,874	1,496	1,446	1,053
Total	658,100	658,403	661,787	655,528
<u>Higher Education:</u>				
Public Institutions	216,758	209,849	211,882	209,111
Private Institutions	30,185	32,209	26,780	26,124
Total	246,943	242,058	238,662	235,235
<u>Career-Technology Education:</u>				
Secondary *	135,281	135,575	134,692	132,753
Adult	316,879	361,676	347,129	335,733
Total	452,160	497,251	481,821	468,486

* These students may also be included in public school enrollments above.

Sources: Department of Education, Regents for Higher Education, and Department of Vocational and Technical Education

ECONOMIC AND DEMOGRAPHIC ESTIMATES

For the Years 1991 through 2000

	2000	1999	1998	1997
Population	3,450,654	3,358,000	3,339,500	3,314,300
Labor Force	1,648,017	1,654,805	1,624,039	1,595,372
Total Employment	1,597,969	1,597,865	1,550,571	1,529,590
Oklahoma Unemployment Rate	3.00%	3.40%	4.50%	4.10%
U.S. Unemployment Rate	4.00%	4.20%	4.50%	4.94%
Oklahoma Per Capita Income	\$23,517	\$22,958	\$22,206	\$21,106
Oklahoma Per Capita Income Expressed As a Percentage of the U.S. Average	79.20%	79.95%	79.78%	79.90%

Sources: Oklahoma Employment Security Commission - Research and Planning Division and Office of State Finance - Economic and Fiscal Policy Research Division

1997	1996	1995	1994	1993	1992
3,644	5,069	4,911	5,304	4,765	4,034
55,037	52,150	49,839	47,698	48,041	48,469
269,928	273,429	274,994	278,076	282,749	278,772
132,568	130,208	127,750	124,610	118,516	119,495
172,962	167,359	161,933	157,291	150,405	142,837
18,035	17,883	17,473	17,538	17,259	17,575
3,367	3,279	3,224	2,808	2,817	2,246
0	0	0	0	0	0
655,541	649,377	640,124	633,325	624,552	613,428
210,824	216,400	223,279	224,829	238,244	228,718
24,849	25,401	24,627	25,839	25,433	27,336
235,673	241,801	247,906	250,668	263,677	256,054
130,856	120,481	107,894	102,852	96,275	91,039
275,114	222,384	191,261	191,137	218,072	300,533
405,970	342,865	299,155	293,989	314,347	391,572

1996	1995	1994	1993	1992	1991
3,295,300	3,271,400	3,248,300	3,232,900	3,206,200	3,167,700
1,576,630	1,546,270	1,544,260	1,529,460	1,520,840	1,499,930
1,512,610	1,473,610	1,454,360	1,435,790	1,433,460	1,399,170
4.10%	4.70%	5.80%	6.10%	5.70%	6.70%
5.40%	5.60%	6.10%	6.80%	7.40%	6.70%
\$19,363	\$18,560	\$17,984	\$17,360	\$16,837	\$16,064
80.12%	80.48%	81.54%	81.79%	81.81%	81.81%

MAJOR EMPLOYERS BY SIZE

Non-Government (Listed Alphabetically)

2001

5,001 OR MORE EMPLOYEES

AMR, Corp.	Integris Health
HCA Healthcare	Wal-Mart Stores, Inc.
Hillcrest Healthcare System	

3,001 TO 5,000 EMPLOYEES

General Motors Corporation	Saint Francis Hospital
The Hertz Corporation	St. John Medical Center, Inc.
Lucent Technologies	Southwestern Bell Telephone Co.
MCI Worldcom	W. H. Braum, Inc.
Phillips Petroleum Co.	Williams Companies
SSM Healthcare of Oklahoma	

1,001 TO 3,000 EMPLOYEES

Albertson's	L.S.B. Industries, Inc.
America On-Line	Love's Travel Stops and Country Stores
Arrow Trucking Co.	Macklanburg-Duncan
AT&T Wireless	McDonald's Restaurants of Okla., Inc.
Avis Rent-A-Car System, Inc.	Mercury MerCruiser
BankFirst	Mercy Health System of OK
BankOne	Michelin North America
Bar-S Foods	MidFirst Bank
BlueCross/BlueShield of OK	Midwest City Regional Medical Center
BOK Financial Group	Muskogee Regional Medical Center
Brinker International	Nordam
CMI Corporation	Norman Regional Hospital
Centrilift	OGE Energy Corp
Charles Machine Works (Ditch Witch International)	OK Foods
CITGO Petroleum Corp. (Cities Service)	Oklahoma Nursing Homes Ltd.
Comanche Memorial Hospital	The Oklahoma Publishing Company
Conoco, Inc.	OneOK, Inc.
Convergys	Red Lobster Inns
Crest Discount Foods, Inc.	Sabre Group
Dayton Tire, Division of Bridgestone	Seaboard Farms
Deaconess Hospital	Seagate Technology
Dillard Department Stores	Sears, Roebuck and Co.
Dollar General Corporation	Southwest Airlines Reservation Center
First Data Resources, Inc.	State Farm Mutual Automobile Insurance
Fleming Companies, Inc.	Sykes Enterprise
Foley's	TCI Marketing
Fort James Paper Company	Target Stores
Gemstar-TV Guide International	Tulsa Regional Medical Center
Goodyear Tire and Rubber Company	Tyson Foods, Inc.
Grace Living Centers	Unit Parts Co.
Haliburton Services	United Parcel Service of America, Inc.
Hillcrest Health Center, Inc.	United Supermarkets of Oklahoma, Inc.
Hobby Lobby	Warehouse Market
Home Depot	Weyerhaeuser Company
Homeland Stores	Whirlpool Corporation
J. C. Penney Co., Inc.	Wrangler, Inc.
KMart Corporation	York International Central Environmental Systems
Kwikset Corporation	

500 TO 1000 EMPLOYEES

(Oklahoma-based Employers Only)

Acme Engineering and Manufacturing
Advance Food Company
American Fidelity Group
Bama Companies
Boeing
Candid Color Systems/Glamour Shots
Central and South West
Crane Carrier Co.
Dolese Bros. Co.
Dollar Systems
Exiss Aluminum Trailers
Great Plains Coca-Cola
Harold's Stores, Inc.
Jane Phillips Episcopal Hospital
John Christner Trucking
Kerr-McGee Corporation
Lowrance Electronics

Mathis Brothers Furniture Co.
Oklahoma Fixture Company
Oklahoma Nursing Homes Ltd.
Oral Roberts University
Personnel Solutions
Pioneer Telephone Corporation
Pratt Foods
QuikTrip Corporation
St. Mary's Hospital
Sonic Industries, Inc.
Stillwater Medical Center
Sundowner Trailer Inc.
Thrifty Car Rental
Valley View Regional Hospital
Webco Industries
Whitlock Packaging Corp
World Publishing Company

Source: Oklahoma Department of Commerce

NET GENERAL OBLIGATION BONDS AND NOTES PER CAPITA

For the Years 1992 through 2001

(amounts expressed in thousands with the exception of General Bonded Debt Per Capita)

Fiscal Year Ended June 30	Population	Total General Bonded Debt (1)	Debt Payable From Component Units	Net General Bonded Debt	General Bonded Debt Per Capita
2001	3,451	\$ 371,608	\$ 81,108	290,500	\$ 84.18
2000	3,358	394,766	94,666	300,100	89.37
1999	3,346	404,167	94,877	309,290	92.44
1998	3,346	391,658	73,563	318,095	95.07
1997	3,317	395,038	68,498	326,540	98.44
1996	3,295	395,420	60,740	334,680	101.57
1995	3,271	404,715	60,235	344,480	105.31
1994	3,248	428,925	73,795	355,130	109.34
1993	3,233	340,745	81,030	259,715	80.33
1992	3,206	95,665	81,115	14,550	4.54

(1) General Bonded Debt is the bonded debt expected to be repaid through general governmental resources.

Notes:

Assessed value data is not presented in this table because the State of Oklahoma does not receive property tax revenue.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

For the Years 1992 through 2001

(amounts expressed in thousands)

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2001	\$ 9,600	\$ 14,707	\$ 24,307	\$ 9,559,110	0.25%
2000	9,190	15,105	24,295	8,256,634	0.29%
1999	8,805	15,529	24,334	8,017,497	0.30%
1998	8,445	19,679	28,124	7,147,477	0.39%
1997	8,115	16,417	24,532	6,937,902	0.35%
1996	9,800	16,930	26,730	6,688,130	0.40%
1995	10,580	17,480	28,060	6,338,769	0.44%
1994	4,670	9,638	14,308	5,675,628	0.25%
1993	4,510	613	5,123	5,171,373	0.10%
1992	7,400	1,359	8,759	5,112,494	0.17%

General Governmental Expenditures include the General and Capital Projects Funds.

REVENUE BOND COVERAGE

ENTERPRISE FUND AND COMPONENT UNITS

(amounts expressed in thousands)

		Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Debt Service	Debt Service Requirements	Debt Service Coverage
Enterprise Fund:						
Oklahoma Water Resources Board						
	For the fiscal year ended June 30, 2001	\$ 10,702	\$ 1,175	\$ 9,527	\$ 19,654	0.48
	2000	14,620	3,699	10,921	25,301	0.43
	1999	11,932	1,000	10,932	28,188	0.39
	1998	12,411	816	11,595	15,226	0.76
	1997	10,061	777	9,284	15,508	0.60
	1996	10,091	746	9,345	11,218	0.83
	1995	12,577	835	11,742	60,160	0.20
	1994	11,471	1,423	10,048	12,075	0.83
	1993	9,483	493	8,990	9,981	0.90
	1992	9,306	697	8,609	12,227	0.70
Component Units:						
Oklahoma Student Loan Authority						
	For the fiscal year ended June 30, 2001	\$ 31,505	\$ 3,679	\$ 27,826	\$ 18,474	1.51
	2000	24,101	5,011	19,090	11,272	1.69
	1999	19,138	3,418	15,720	12,399	1.27
	1998	16,806	2,806	14,000	12,753	1.10
	1997	14,373	2,401	11,972	12,332	0.97
	1996	12,874	2,048	10,826	5,897	1.84
	1995	10,324	2,134	8,190	6,324	1.30
	1994	8,532	2,358	6,174	3,727	1.66
	1993	8,827	2,083	6,744	20,453	0.33
	1992	11,213	2,359	8,854	13,347	0.66
Oklahoma Environmental Finance Authority						
	For the fiscal year ended June 30, 2001	\$ 62	\$ 5	\$ 57	\$ 59	0.97
	2000	354	14	340	349	0.97
	1999	2,127	21	2,106	5,082	0.41
	1998	2,607	17	2,590	3,622	0.72
	1997	2,674	18	2,656	3,685	0.72
	1996	2,732	12	2,720	3,713	0.73
	1995	2,800	13	2,787	3,514	0.79
	1994	2,868	12	2,856	3,782	0.76
	1993	3,220	38	3,182	7,343	0.43
	1992	3,236	13	3,223	4,580	0.70
Oklahoma Housing Finance Agency						
	For the fiscal year ended September 30, 2000	\$ 67,974	\$ 6,782	\$ 61,192	\$ 96,456	0.63
	1999	67,168	5,786	61,382	110,584	0.56
	1998	41,326	5,268	36,058	52,906	0.68
	1997	49,053	8,463	40,590	43,536	0.93
	1996	50,599	8,330	42,269	60,771	0.70
	1995	52,149	7,846	44,303	45,074	0.98
	1994	53,810	8,342	45,468	53,105	0.86
	1993	67,008	10,171	56,837	71,806	0.79
Oklahoma Transportation Authority						
	For the fiscal year ended December 31, 2000	\$ 170,135	\$ 40,865	\$ 129,270	\$ 67,611	1.91
	1999	167,341	40,932	126,409	78,702	1.61
	1998	161,660	36,545	125,115	70,376	1.78
	1997	131,279	32,713	98,566	53,450	1.84
	1996	122,501	33,160	89,341	50,830	1.76
	1995	117,136	33,626	83,510	50,527	1.65
	1994	109,691	33,117	76,574	44,510	1.72
	1993	96,828	31,477	65,351	37,346	1.75
	1992	83,214	29,192	54,022	17,899	3.02
	1991	74,778	26,219	48,559	16,522	2.94
Grand River Dam Authority						
	For the fiscal year ended December 31, 2000	\$ 216,046	\$ 114,725	\$ 101,321	\$ 94,243	1.08
	1999	195,738	90,114	105,624	94,356	1.12
	1998	215,879	109,795	106,084	95,830	1.11
	1997	192,904	89,046	103,858	111,560	0.93
	1996	188,672	93,054	95,618	92,828	1.03
	1995	181,018	83,616	97,402	92,223	1.06
	1994	180,751	84,315	96,436	90,266	1.07
	1993	175,242	76,799	98,443	101,726	0.97
	1992	161,046	72,542	88,504	95,436	0.93
	1991	159,599	82,935	76,664	95,562	0.80
Oklahoma Municipal Power Authority						
	For the fiscal year ended December 31, 2000	\$ 121,023	\$ 88,192	\$ 32,831	\$ 28,108	1.17
	1999	96,014	70,975	25,039	28,020	0.89
	1998	99,538	70,953	28,585	28,148	1.02
	1997	88,127	61,304	26,823	24,622	1.09
	1996	82,840	45,948	36,892	22,932	1.61
	1995	72,988	39,617	33,371	22,983	1.45
	1994	74,931	43,872	31,059	22,203	1.40
	1993	70,922	44,392	26,530	18,397	1.44
	1992	68,194	42,497	25,697	17,861	1.44
	1991	71,217	45,104	26,113	18,223	1.43
Higer Education						
	For the fiscal year ended June 30, 2001	\$ 3,075,985	\$ 2,125,609	\$ 950,376	\$ 27,178	34.97

(1) Gross revenues including interest and investment income but excluding revenues restricted to other debt

(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)

- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.

- Comparable data for the fiscal years June 30, 1989 through June 30, 1990 is not available.

- Upon implementation of GASB Statement 14, the Oklahoma Housing Finance Agency was included within the State's reporting entity. Comparable data prior to their inclusion is not available.

- Upon implementation of GASB Statement 34, Higher Education was included within the Component Units. Comparable data prior to their inclusion is not available.

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